Local Government Association

Note of last Resources Portfolio meeting

Title:	Resources Portfolio
Date:	Friday 9 October 2015
Venue:	Bevin Hall, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

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

Item	Decisions and actions	Action

1 Declarations of Interest

No declarations were made.

2 Minutes of the previous meeting held on 17 July

The minutes of the previous meeting of the then Resources Board held on 17 July were agreed.

3 Resources Portfolio Governance Pilot: A new way of working

The Chair introduced the report by outlining the pilot governance model for the Resources Portfolio which Leadership Board had asked members' to trail and would be reviewed in April 2016.

Decisions
That the Resources Portfolio:

i. **noted** its membership and Portfolio Holder governance model; and
ii. **agreed** its Terms of Reference.

4 Break-Out Sessions: Work Programme Priorities for 2015-16 and working with other Boards

Lead Members verbally outlined the suggested work programme priorities from within their respective Portfolio areas as follows:

- Cllr Claire Kober OBE — Local Government Finance
- Cllr John Fuller — Strategic Finance and Growth
- Cllr Clarence Barrett — Workforce
- Cllr Claire Hudson — Welfare

Portfolio Members then separated into four breakout groups to shape these priorities into an agreed work programme. The discussion notes from these disucssions are as set out at **Appendix B**.

Decision
The Resources Portfolio **agreed** that their discussion on the work programme priorities inform the development of the work programme to be signed off by Lead Members.

Local Government Association

5 New Policy Institute Report on Council Tax Reform

Peter Kenway and Ines Newman from the New Policy Institute provided a powerpoint presentation on the background to the current of council tax arrangements and the case for reform.

In the discussion that followed, Members discussed the pros and cons of council tax reform, and on balance felt that it was not appropriate to pursue further at this point in time.

Decision
The Resources Portfolio **noted** the presentation on council tax reform by the New Policy Institute.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Claire Kober OBE	Haringey Council
Vice-Chairman	Cllr John Fuller	South Norfolk District Council
Deputy-chairman	Cllr Clarence Barrett	Havering London Borough Council
	Cllr Claire Hudson	Mendip District Council
Members	Cllr Sue Murphy CBE	Manchester City Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Sian Timoney	Luton Borough Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr James Jamieson	Central Bedfordshire Council
	Cllr Nigel Ashton	North Somerset Council
	Cllr Melvyn Caplan	Westminster City Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr David Renard	Swindon Borough Council
	Cllr Simon Shaw	Sefton Metropolitan Borough Council
	Cllr Linda Van den Hende	Havering London Borough Council
Apologies	Cllr Aaron Shotton	Flintshire County Council
	Cllr Adrian Hardman	Worcestershire County Council

Local Government Association

Appendix B: Table Discussions on the Work Programme

a) **Local Government Finance**

1) Local taxation

The Key features of the Chancellor's announcement on 100% retention of business were outlined.

It was agreed that business rates and the move to 100% retention was the key local government finance priority and that the LGA should:

- Review what new responsibilities and existing specific grants could be incorporated in the baseline. This would be particularly important if the Government decides to announce the list in the forthcoming Spending Review; and
- Discuss with Department for Communities and Local Government (DCLG) officials the key aspects of how the new system will work, ensuring that there is a balanced and collaborative relationship; work on the reform of business rates appeals, including taking forward the LGA's proposal for self-assessment.

2) Council tax

- Continue to with the LGA's existing lines on council tax.
- Subject to sufficient resource, charging council tax for land for which planning permission has been given could be considered as an area to work on.

3) Fiscal devolution

- Reference was made to the recommendations of the Independent Commission on Local Government Finance, however there was no discussion on this.

4) Business as usual

- It was recognised that work on the Local Government Finance Settlement, Budgets and Spending Reviews as well as the Future Funding Outlook were significant pieces of the work for the LGA.
- Members were keen to stress the importance of adult and children's social care funding; particularly looking at the match of responsibility to resources, in conjunction with other boards.

b) **Strategic Finance for Growth, Infrastructure and Devolution**

In introduction, the following areas were identified as falling within the remit of this work area:

- Housing Finance
- Infrastructure Finance/Local Growth Fund
- Financing arrangements for One Public Estate Programme

- Capital Finance
- European Funding

It was emphasised that work needs to concentrate on areas where the LGA can add value, and make sure links with other Boards work programme are understood to minimise overlap. The role of the Portfolio would be to identify issues, illustrate them, and propose solutions.

In discussion, a number of points were made, and suggestions made for areas for investigation and further work:

- In all areas members identified that local solutions will need to be identified for local needs. Different areas will face different problems and the solutions looked at need to reflect that. Some localities will not be able to benefit from some possible solutions (e.g. additional powers granted to mayors will not be available to areas without mayors, and the mayoral model may not be suitable for some areas).

- How can infrastructure schemes be developed so that they can be attractive for pension fund investment or investment by other such as the EU Investment bank. Will the pooling of pension fund investments announced recently have an effect on this? No pension fund will invest in any scheme that does not make an acceptable rate of return. The need to find mechanisms to fund infrastructure that will not generate a long term income stream was identified as a priority (tolls for roads? Flood works? Schools?).

- Members suggested some evaluation of the recently announced changes to business rates and opportunities for additions to rates may be relevant here; the changes to business rates will be picked up in the Local Government finance work stream.

- Can councils develop schemes to facilitate or enable private investment in infrastructure – e.g. by helping fund developers' cash flow?

- There is clear overlap with the Environment, Economy, Housing and Transport Board, particularly on Housing. The remit of this group needs to concentrate on the Housing finance and the mechanisms behind it. Members distinguished between the investment in infrastructure that enable building of new houses to take place and actual investment in new housing. Mechanisms proposed for investigation included the Housing Revenue Account ringfence, Community Infrastructure Levy, and Section 106 funding. Links to the LGA Housing Commission will be important and a way to channel the housing finance input. This group should focus on financial impact of proposed or potential change in relation to housing policy

considering impact, evidence and options/solutions and will need to feed this into policy work.

- Are there untapped opportunities from EU funding and the One Public Estate programme?

c) **Workforce**

It was agreed that Cllr Clarence Barrett (Deputy Portfolio Holder) would be the overarching spokesperson for the Workforce Portfolio.

The following five areas were agreed as the key work strands within the Workforce remit. The work programme was agreed as set out in the report, with members providing the below steer on specific pieces of work, or a particular focus required, to take the work programme forward.

Skills and Apprenticeships

- Cllr Linda Van den Hende to retain Skills Champion role appointed at the July Board.
- As part of this Cllr Linda Van den Hende would canvass Regional Employers bodies and Resources Portfolio members as an intelligence gathering exercise. Unions were also recognised as a useful source of intelligence – i.e. learning agreements, union learn, workforce development etc.
- This work to be a combination of business as usual as well as exploring intersections between National Living Wage, productivity and service redesign.
- Whilst the focus would be on employed individuals, links should also be made to the skills and employment work being undertaken by the City Regions and People and Places Boards.
- The need to strengthen elected member leadership and engagement in strategic HR issues such as organisational design and culture was emphasised. Utilising the Regional Employers bodies to support this was suggested.

Pensions

- The political challenge of pension reform was highlighted. Members would have a key role in coordinating at a political level.
- There was an important role for members in working with the pension schemes and Government to achieve efficiencies and to help add value – i.e. explore cost benefits of pooling; and negotiate with HMT on an realistic approach to deficit management.

The new National Living Wage

- The responsibility for this mainly sits with the National Joint Council. The Portfolio's focus would be on the redesign of jobs and achieve value for money.

Local Government Association

Employment Law and Trade Union Reform

- This areas was not so much a deliverable but to keep Members abreast of employment law changes and implications of Trade Union reform – i.e. referendum on Europe and the impact on employment rights.
- Exploratory work to understand the value of check-off arrangements between trade unions and employers.

The integration of the health and social care workforce

- A specific Member lead on this area would be beneficial.

d) **Welfare**

Much of the LGA's activity has been related to the adequacy of local authority funding to administer and deliver welfare. The LGA also has helped to highlight and respond to some of the unintended consequences of government welfare policies which directly or indirectly affect local authorities and shift costs onto local authority services. The supporting role of local authorities' in Universal Credit has also been an important area of LGA activity.

Whilst these issues are still very important, it was suggested that there is now a need to shift focus as reforms in the area of housing and housing benefit are implemented and the effects of cuts in tax credits and the introduction of the living wage become clearer. It was suggested that the LGA should take a fresh and wider look at the impacts on councils, residents and the local economy. The cumulative impact of welfare reforms on the disabled and other vulnerable and poorer members of society will need to be considered.

Linked to this, there is also need to look at how councils can respond positively to the current challenges by linking up services, and working with partners locally to help people manage their money effectively, and meet their housing costs. The importance of employment and skills support was highlighted. This should involve collaboration with relevant partners, to innovate and locally design and commission assistance to help move people into stable employment, and improve their prospects for in-work progression. The role of Jobcentres and how this might be more effectively delivered was also discussed.

Some of this work aligns well with the theme of improving people's life chances, and improving social mobility. At times of crisis the safety net provided by local authorities provides essential support. The LGA's role in making the case for maintaining the discretionary funding which forms this safety net was noted.

Some more detailed work streams reflecting the above themes were outlined as follows: -

- The role of councils in benefit administration is recognised and adequately resourced including reference to housing benefit staffing, the recovery of Housing Benefit (HB) overpayments further to Universal Credit (UC) roll out, and securing sufficient HB administration subsidy.
- The role of councils in supporting UC claimants to make and maintain a claim is recognised and adequately resourced as part of Universal Support delivered locally.
- The experience of councils of the impact of welfare reform on low income households informs future policy development including the effect of DWP sanctions and the fear and vulnerability this creates.
- The central role of local government in supporting households affected by the reforms is recognised and adequately resourced.
- Councils have the freedom, funding and flexibility to integrate services and to improve life chances for claimants through local approaches to employment, housing, social care, education, childcare and health.

Four key areas were highlighted which the elected members present expressed an interest in;

- Housing issues and affordability
- Employment and skills and the work programme
- Families impacts and the role of job centres
- Public health