

Note of last Resources Portfolio meeting

Title: Resources Portfolio
Date: Thursday 21 April 2016
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	Welcome, Apologies and Declarations of Interest The Chair opened the meeting by welcoming those present and noting the apologies received. No declarations of interest were made.	
2	Portfolio Review Workshop The Chair provided a detailed PowerPoint presentation which summarised the background to the Portfolio Review, provided an overview of the feedback and analysis from the online survey of Resources and Community Wellbeing Portfolios Members and outlined a series of options for future operating models for Members' discussion. In doing so, she drew particular attention of the pilot's performance against the three evaluation criteria; that the Portfolio approach be more efficient, less costly and result in higher levels of involvement by members and member councils. Portfolio Members then separated into four breakout groups to discuss the future operating model options outlined in the presentation and how they could be shaped to enhance their effectiveness. The discussion notes from these discussions are as set out at <u>Appendix B</u> . Recommendation The Resources Portfolio recommended 'Option C' - a hybrid model that is based on a Board structure with regular meetings but with the flexibility of the Portfolio model - to the LGA's Governance Task Group.	
3	Update on activity from each Portfolio Grouping Lead Members provided a verbal overview of activity to date within each of their respective Policy Groupings, which Members were then invited to comment on.	

a) Workforce

Cllr Clarence Barrett provided an overview of workforce activity in the Portfolio's key priority areas of: skills and apprenticeships; pensions; the new national living wage; Employment law and TU reform; and the integration of the health and social care workforce.

In the discussion that followed, Members welcomed the changes to the Trade Union Bill regarding 'check-off'; asked that the LGA take forward work to address the skills shortage in planning; and discussed the potential impact of the revaluation of the pension deficit.

b) Welfare

Cllr Claire Hudson provided an update on the welfare key priority areas of: benefit administration; Universal Credit (UC); the impact of welfare reform on low income households; supporting households affected by the reforms; and the freedom, funding and flexibility to integrate services and to improve life chances for claimants. In doing so, she sought Members' views on reframing the work stream as 'Life Chances' as opposed to 'Welfare Reform.'

c) Strategic Finance & Infrastructure

Cllr John Fuller provided an overview of Strategic Finance & Infrastructure activity in the Portfolio's key priority areas of: housing finance; infrastructure finance/Local Growth Fund; One Public Estate Programme; capital finance; European Funding; and devolution finance.

d) Local Government Finance

Cllr Claire Kober OBE provided an overview of Local Government Finance activity in the Portfolio's key priority areas of: local taxation; funding outlook; and fiscal devolution.

4 Business Rates

Nicola Morton (Head of Local Government Finance) and Sophie Broadfield (Deputy Director, DCLG) provided a presentation which outlined the main proposals for moving to 100% business rates retention and the joint working between the LGA and DCLG thus far. Members were invited to share ideas regarding system design, what should be taken into account in needs and distribution of resources and which services should transfer to local government.

In the discussions that followed, Members made a number of comments, including:

- That the system must balance the need for equalisation with incentivising growth, whilst avoiding creating perverse incentives.
- Questions were asked regarding the criteria for service transfer and how these services would relate to the underlying driver that local government be self-sufficient.
- Serious concerns were expressed that full business rate retention represented a greater transfer of risk of loss of funding, particularly in relation to the creation of new burdens and increasing demand on services such as adult social care.
- In discussing the Government's commitment to a review of the needs assessment, Members highlighted the importance that it reflect the view of all councils within two tier areas.
- The appeals system was highlighted as a critical area that needed to be addressed, particularly around historic appeals and the risks associated with large claims. Suggestions included, that the appeals system be within local government's control and that the Government prohibit 'cost shunting' between public sector bodies. Sophie Broadfield stated that it was DCLG's view that should applications for charitable relief by NHS Trusts be successful, the Department for Health should reimburse local government.
- In relation to reference to a specific case relating to Corby Borough Council, Sophie Broadfield resolved to refer the issue to the Treasury.
- The risk of fragmentation of the funding system was highlighted, should future Government's seek to fund specific services or new burdens outside of the business rates system.

Recommendation

The Resources Portfolio noted the presentation and asked that their views inform the joint working between the LGA and Department for Communities & Local Government.

Actions

Circulate to Portfolio Members: (a) the latest regarding legal advice on NHS Trusts Business rates appeal claim; and (b) the Government's consultation on frequency of revaluations.

5 Devolution Discussion

Andrew Campbell (Associate Director, LGA) provided a verbal update on the development of a publication on devolution for launch at the LGA's annual conference in July. He highlighted the main themes - fiscal devolution, new powers, democratic engagement - and invited Members' views on the financial aspects of devolution to inform the development of the Devolution Green Paper.

In the discussion that followed, Members made a number of comments,

including:

- Fiscal devolution was identified as critical to the success of genuine devolution of power from central government to local areas, as opposed to delegation.
- That the LGA continue to challenge Government's position regarding the elected mayor model.
- Members discussed the scale of devolution and some of the challenges thus far, particularly relating to non-metropolitan areas and concerns regarding the direction of the Government's devolution agenda. Challenges also included the involvement of multiple Government Departments in negotiations and lack of clarity on the fiscal envelope during negotiations.
- Serious concerns were expressed regarding the pace of the Government's devolution negotiations and the impact on democratic engagement and participation of local communities.
- With reference to democratic engagement, Member suggested the publication include reference to the mixed picture nationally in terms of Local Enterprise Partnership (LEP) engagement with local authorities.

Decision

That the Resources Portfolio's views inform the development of the LGA's Green Paper on devolution.

6 Notes of the previous meeting

The minutes of the previous meeting of the then Resources Board held on 9 October 2015 were agreed.

7 Municipal Bonds Agency Briefing

There followed a briefing by Tim Cavanagh and Sir Merrick Cockell (Chairman) from Local Capital Finance Company on the Municipal Bonds Agency.

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 James Jamieson	Central Bedfordshire Council
	Cllr Melvyn Caplan	Westminster City Council
	Cllr Roger Phillips	Herefordshire Council

Cllr Adrian Hardman	Worcestershire County Council
Cllr Mary Malin	Kettering Borough Council
Cllr Rodney Rose	Oxfordshire County Council
Cllr Aaron Shotton	Flintshire County Council
Cllr Sharon Taylor OBE	Stevenage Borough Council
Cllr Sian Timoney	Luton Borough Council
Cllr Peter Marland	Milton Keynes Council
Cllr Tom Beattie	Corby Borough Council
Cllr Norman Keats	Knowsley Metropolitan Borough Council
Cllr Michael Mordey	Sunderland City Council
Cllr Linda Van den Hende	Havering London Borough Council

Apologies

Cllr Nigel Ashton	North Somerset Council
Cllr David Renard	Swindon Borough Council
Cllr Sue Murphy CBE	Manchester City Council
Cllr Simon Shaw	Sefton Metropolitan Borough Council