

Note of last Resources Board meeting

Title: Resources Board
Date: Thursday 22 June 2017
Venue: Rooms A&B, Ground Floor, Layden House, 76-86 Turnmill Street,
London, EC1M 5LG

Attendance

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

Item	Decisions and actions	Action
1	Apologies and Declarations of Interest The Board noted the apologies listed at <u>Appendix A</u> . There were no declarations of interest.	
2	Action on Low Pay The Board welcomed Cllr James Lewis, Deputy Leader of Leeds City Council, who had been invited to the Board to discuss the West Yorkshire Combined Authority's (WYCA) Low Pay Charter. WYCA had submitted a motion to the LGA General Assembly in 2016 on the Charter, which was subsequently referred to the Resources Board by the LGA Executive. As part of his presentation, Cllr Lewis made the following points: <ul style="list-style-type: none">• The WYCA had decided that there would not be economic development, large scale regeneration or infrastructure improvements in the area without economic growth to benefit everyone.• The average wage in Yorkshire was £2,000 less than the UK average, there was a high and increasing number of people on zero hours contracts, and from 2010 there was an increase in the number of people living in areas of deprivation. The WYCA had addressed this through the Low Pay Charter, and adjusting the pay scale so that lowest paid employees received the Living Wage. Staff were also encouraged to enrol in the Local Government Pension Scheme.• Councils had invested an additional £4m into pay for staff, and it was anticipated that £3.4m of this would flow back into the local economy.• Local authorities in the area were some of the biggest employers, and it was necessary to take action to support the lowest paid employees to show that they were valued and improve productivity.• WYCA had acknowledged as part of the review of the Charter that 50% of staff who benefited from the Living Wage, particularly part-	

time staff, did not feel that the scheme had been communicated well enough. Many staff were not engaged with their employers, and more communication work was required to build trust in the employers.

- What worked for 5 large metropolitan councils would not necessarily work across all councils in LGA membership, but the principles of the scheme were commended to the Board.

In the discussion which followed, Members made the following points:

- Many points included in the WYCA's Low Pay Charter were under consideration as part of the review of the national pay spine, and a further update on that was included as part of the Workforce Update item later on the agenda.
- It was important for councils to be able to encourage older staff to keep working, but also bring younger people into the workforce.
- Staff employed by contractors would have to be paid the national minimum wage, but not necessarily the Living Wage. Cllr Lewis highlighted that social care in Leeds was a mixed economy between directly provided and outsourced work, but that the council had signed Unison's ethical pay charter and ensured that the minimum pay rate was higher than the national minimum wage. This would lead to a higher cost to the council.
- There was a difficulty in engaging staff who were employed as contractors, particularly staff in schools, who did not see the council as their employer. It was important to get communications to these groups of staff right.

The Chair thanked Cllr Lewis for his presentation, which would inform the Board's work on the low pay agenda.

Decision

The Board **noted** the presentation from West Yorkshire Combined Authority on the West Yorkshire Low Pay Charter, which would inform the LGA's ongoing work on this issue.

3 The Conservative Party's Manifesto Pledges Related to the Work of the Board

Sarah Pickup (Deputy Chief Executive) introduced the report. Members noted that the Queen's Speech for 2017-19 had taken place the previous day, and the LGA had circulated an on-the-day briefing on issues which would impact upon local government.

She highlighted that the Conservative party's manifesto had made no reference to the Local Government Finance Bill, and it was unclear what this would mean for business rate retention. There had been references to increasing fairness, and giving local authorities more powers to raise money locally, and it was anticipated that some measures to increase retention could be put in place without legislation. The most beneficial way to implement fair funding would be for the government to allow further business rate retention to meet the funding gap. It was unclear if RSG would disappear if further retention was implemented, and the Business Rates Task and Finish Group would explore the argument that RSG, or a

component of it, should be kept even in the event of further retention.

The LGA was currently assessing how to best influence the new legislative agenda, and would press the government to ensure that any new responsibilities would come with appropriate levels of funding so that services could be run properly. The funding gap, particularly in adult social care, should be addressed. There was developing cross-party consensus that action should be taken on adult social care. Other issues for the Board included the financial implications of the Grenfell Tower inquiry, the gap in funding for Children's Services, EU funding, the Data Protection Bill, and mental health funding. The LGA had also identified areas which were not included in the speech, including the lifting of the housing borrowing cap.

Members discussed in detail the suggestion that the LGA should consider the possibility of an independent commission on adult social care funding to explore a sustainable cross-party solution from a local government perspective. It was highlighted that other reviews of social care had taken place in the past, but a review led by an independent Chair which could present a solution to the government would be more favourable to further requests for funding. It was also suggested that the commission could look at wider issues around local government funding after work on adult social care had been completed. The LGA usually pressed the government on what should be funded but not how this should happen, so this would have to be considered carefully, and the views of the LGA's Community Wellbeing Board and Leadership Board would also need to be sought. Members agreed that this should be explored at the earliest opportunity.

In the discussion which followed Members raised the following points:

- The lack of clarity on business rates retention placed greater significance on the business rate retention pilot areas. These would provide vital evidence for pressing the government to allow further retention for all local authorities. The fair funding review was still going ahead, and could do so without legislation, would require consultation and funding. Incentives to housing growth would remain important, and this could be a good argument for further business rates retention.
- Members raised concern that additional spending for Northern Ireland through the government's confidence and supply arrangement with the DUP could negatively impact on funding for councils in England and Wales. The detail of this was still unknown, but the issue would be kept under review.
- There could potentially be more opportunities for the LGA to influence the government as the Queen's Speech suggested that there would be less legislation and more use of executive orders and statutory instruments. The LGA's continued work with Select Committees and APPGs would be valuable to influencing the political agenda.

Decisions

The Resources Board:

- i. Considered the assessment of pledges in the Conservative party's manifesto, and the initial assessment of Bills outlined in the 2017-19 Queen's Speech; and

- ii. Agreed that the a possible independent commission into adult social care funding be explored, in conjunction with the LGA's Leadership Board and Community Wellbeing Board.

4 Local Government Finance Update

Bevis Ingram (Senior Adviser – Local Government Finance) introduced the report and highlighted the updates on various consultations:

- The LGA's response to the Financial Conduct Authority's consultation on the implementation of the Markets in Financial Instruments Directive II regulations had been approved by the Board in December, and the regulations were due to be published by 3 July 2017. Local authorities would have to implement the regulations by the end of December 2017.
- Members noted that Resources Board Lead Members had approved a response to the Ministry of Justice's consultation on the process for setting the discount rate for personal injury insurance claims. They highlighted that the change in rate would result in increased cost for local government and this would need to be provided for.
- The LGA's response to the Cipfa Prudential code for capital finance had been approved at the previous meeting of the Board, and the draft revised code was expected to be consulted on over the summer.

Decision

The Board **noted** the report.

5 Minutes of the previous meeting

Decision

The Board **agreed** the minutes of the previous meeting held on 3 April 2017, subject to the addition of Cllr Norman Keats and Cllr Abdul Jabbar MBE to the attendance list.

6 Workforce Update

Jon Sutcliffe (Senior Adviser – Workforce Policy and Strategy) introduced the report which set out key workforce policy developments which had taken place since the previous Board meeting in April 2017.

Members noted that the most important update concerned the National Joint Council's (NJC) ongoing review of the National Pay Spine. There had been a meeting of the NJC the previous day where there had been useful discussion of the issues. Payment of the National Living Wage by 2020 would have a considerable impact on local authority pay structures, and the new pay spine would require a logical set of differentials, as well as flexibility for local authorities. This would inevitably mean that the scale would start higher and end higher, and broad proposals had started to be developed which would set out the cost profile to bring this in across to the sector.

In the discussion which followed Members made a number of comments, including:

- Estimates on the impact of the National Living Wage to the pay spine varied, and it was important that the LGA did not over or underestimate what this would be.
- There had been some suggestion that the austerity measures could be relaxed, and the public sector pay cap could be removed, although this was at a very early stage.
- The LGA should promote the work it did with the NJC and ensure that local authorities were aware that they would have to negotiate their own pay deals if they left membership.
- There currently appeared to be more willingness to negotiate on pay for firefighters than previously. The NJC for firefighters was a UK-wide body, and the Scottish contingent was keen to negotiate an increase in pay as soon as possible. The Fire Services Management Committee would consider the issue for the LGA.

Decision

The Resources Board **noted** the report.

7 Report of the Commercial Advisory Board

Sally Burlington (Head of Policy) introduced the report, and provided the Board with a background on the work to establish a Local Government Mutual, which had previously been led by the LGA's Commercial Advisory Board. There was strong evidence to suggest that establishing a Mutual would be viable and could present an average cost saving of 15% to councils.

The Resources Board were asked to agree that they should lead the LGA's work on the establishment of the Mutual itself, while the Commercial Advisory Board would lead the development of the LGA's commercial strategy, including work to establish a joint venture with Regis Mutual Management Ltd to bid to provide support to the Mutual. The Board were also asked to nominate 'Champions' to provide a steer on work on the Mutual between meetings of the Resources Board.

Members noted that the Mutual would only be successful if enough local authorities wished to join. A large number had expressed an interest in principle, and the next step would be to identify a number of founding members to establish the Mutual in shadow form. The current communications work with councils on the Mutual was highlighted, including a draft publicity leaflet to be made available at the LGA Conference and Exhibition in July 2017.

In the discussion which followed Members made a number of comments, including:

- The Mutual had similarities to the Municipal Bonds Agency, but

different in that it was easier to explain to local authorities who would be aware of previous Mutuals which had been unsuccessful. This proposed Mutual had a clear business case for market savings, as there was not a very large market choice for local authority insurance.

- In response to a question on the minimum number of founding members, it was highlighted that the LGA hoped to have 10 or 20 different types of council involved at an early stage.
- In principle the Mutual would cover participants for any risks currently covered in the market, but after the procurement process there would be an opportunity to look again at what would be covered.

Decisions

The Resources Board:

- a) **Noted** the background of the Local Government Mutual project;
- b) **Agreed** that the Board would lead work to develop the proposed Mutual on behalf of the LGA as a founding member;
- c) **Noted** the next steps for inviting councils to become founding members; and
- d) **Agreed** that the four political groups would nominate a Member Champion for the Local Government Mutual to provide day to day oversight with officers, who could report back to the Board to seek views on key decisions.

Action

Political Groups to confirm their nominations for a Local Authority Mutual Champion.

8 Future of Funding Currently Sourced from the EU

Russell Reefer (adviser – EU Funding, Economic Growth and International Policy) introduced the report which highlighted the LGA's work to date on establishing basic principles for successor arrangements for UK regional aid following the UK's exit from the EU, analysis of independent research into potential funding scenarios, and the LGA's recent campaign on EU funding. The report also included an in-depth analysis of the various options for the delivery of a replacement for EU funding.

The Board noted that EU funding had not been mentioned in the Queen's Speech the previous day, and that it was important to discuss the potential arrangements with various civil servants and stakeholders at the earliest opportunity. Cipfa were currently working on an independent Brexit Advisory Commission for public services, with which the LGA would engage. The LGA would continue to work with its partner associations in Scotland, Wales and Northern Ireland to deliver the best outcome for the sector.

Decision

The Board **noted** the draft report 'Beyond Brexit: Future of funding currently sourced from the EU – LGA discussion document' and the

ongoing work of the LGA on this matter.

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 Nigel Ashton	North Somerset Council
	Cllr James Jamieson	Central Bedfordshire Council
	Cllr Barry Macleod-Cullinane	Harrow Council
	Cllr David Renard	Swindon Borough Council
	Cllr Lynne Duffy	Wychavon District Council
	Cllr Sian Timoney	Luton Borough Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr Sarah Hayward	Camden Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Linda van den Hende	Havering London Borough Council
	Cllr Simon Shaw	Sefton Metropolitan Borough Council
Apologies	Cllr Roger Phillips	Herefordshire Council
	Cllr Rishi Shori	Bury Metropolitan Borough Council
	Cllr Aaron Shotton	Flintshire County Council
In Attendance		
LGA Officers		