

Note of last LGA Executive meeting

Title: LGA Executive
Date: Thursday 25 January 2018
Venue: Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

Attendance

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

Item	Decisions and actions	Action
1	Apologies and Declarations of Interest The Chairman welcomed members to the meeting and noted apologies. There were no declarations of interest.	
2	Provisional 2018/19 Local Government Finance Settlement Councillor Claire Kober OBE, introduced the item, updating member on LGA's activity on the provisional 2018/19 local government finance settlement. She highlighted the increase in council tax, which would give councils further flexibility in increasing core council tax by up to 2.99 per cent this year and next. She advised members there would be a consultation later in the spring on 'fair and affordable' options of dealing with negative revenue support grant allocations in 2019/20. In the discussion which followed, members made the following points: <ul style="list-style-type: none">• The unfairness of the system and the disadvantages of raising council tax were discussed.• Some authorities had already consulted and agreed with residents on raising council tax, and did not feel they could now change their figures, despite new permissions from Government.• Members highlighted the lack of Government response to funding pressures of children's social. They suggested re-evaluating LGA lobbying and exploring other measures to show strain on the system.	

- Relating to this, it was emphasised that LGA lobbying on the better care fund had taken time but had helped councils, though it had been agreed in November that focus would shift to children's social care.
- There was a discussion on negative RSG
- Members highlighted that the Homelessness Reduction Act was not being properly funded.
- There was a brief discussion on asylum seeking children and the growth in the number of looked-after children, and the additional pressures this was putting on councils. Solution for dealing with this needed to be considered.
- It was emphasised that councils needed to be united on pressing Government for a good settlement, in light of sector-wide pressures.

Decision:

1. The Executive **noted** the report.

Action:

1. Officers to proceed with lobbying work on the provisional settlement taking into account the comments made above.

3 Fair Funding Review and Business Rates Retention

Councillor Claire Kober OBE, introduced the item. She advised members that ten more business rates retention pilot areas had been announced for the 2018/19 financial year. No details were yet available on the 2019/20 round. The LGA would continue to work with Government on this area.

The fair funding review would be implemented in 2020. She drew attention to the formulas/cost drivers which were currently in the list of proposed formulae and 'starter' cost drivers (Appendix B), and that any comments and views from members were welcome ahead of the preparation of the LGA's response. The Business Rates Task and Finish Group would be looking at this later.

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

- In two-tier areas, it would be important to ensure that upper-tier authorities were properly funded, as they bore a substantial part of costs.

- Members discussed the trade-offs between simplicity and accuracy of the relative needs assessment formulae. There was a support from some members for a reduced number of cost drivers, as long as the formulae were based on evidence and as long as this did not come at a cost to fairness.
- The overall quantum of Government resources available for local government was highlighted as a key issue alongside the Fair Funding Review.
- Made a number of recommendations of indicators and service areas to be considered.
- There was a discussion on factoring in the numbers of looked after children and students for each local authority, since both resulted in additional costs. The public health services pressures also needed to be reflected. Clarity from Government needed to be sought on both.
- The LGA needed to continue to lobby for a fairer funding model for councils. Within this context, there was a brief discussion on disparity in council tax levels, which it was felt, were too low in some areas.
- Members highlighted that they would welcome historic supported capital borrowing being factored into the figures. The data put forward needed to be fair and evidence based.
- It was also important that additional capital spending pressure on the schools expansion programme and the reductions in RSG (with more than 150 councils in negative RSG in the 2019/2020 financial year) were highlighted.
- Consensual agreement needed to be reached on the Review as far as possible, although there would be diversity of opinion on what was fair.
- A point was made about reviewing council tax discounts across the country.
- Members thanked the BRR Task and Finish group for their work on this area.
- It was emphasised that the LGA should consult widely with membership on this issue.
- Members highlighted that the LGA needed to continue to push for 100% business rates retention for councils. There also needed to be clarity on timings.
- There was a brief discussion on the council tax collected which went straight to internal drainage boards in some areas.

Decision:

1. The Executive **noted** the report, and provide comments on the paragraphs highlighted in Appendices A and B.

Action:

1. Officers to proceed with work on the Fair Funding Review and Business Rates Retention in line with the comments made above.

4 Note of the last Leadership Board meetings

The Executive noted the minutes of the last Leadership Board and the December Leadership Board.

5 Note of last LGA Executive meeting

The Executive agreed the minutes of the last meeting as an accurate summary of the discussion.

6 LGA 2018/19 Budget Assumptions

Jonathan Gratte, Strategic Finance Manager, introduced the item, advising members that a more detailed budget would be presented at the March meeting. The association was currently running a 17/18 net cost budget and expected the 18/19 budget to also show an overall net cost position – utilising reserves brought forward from prior years as we wait for our investments to deliver new income streams - but would move to a net income budget from 19/20 onwards. Everything was still on track to reach a net asset position in a few years, as the building values would exceed the pension deficits.

He highlighted that the item had been marked as confidential, as some assumptions had been made about MHCLG grant within the paper.

At this point, Cllr Gerald Vernon-Jackson made a declaration of interest on involvement in Local Partnerships. There was also a question about potential income coming from Local Partnerships, and whether officers were expecting any – it was confirmed that there are no dividends expected in the 18/19 budget.

Appendix A -Attendance

Position/Role	Councillor	Authority
Lord Gary Porter CBE (Chairman)		South Holland District Council
Cllr Marianne Overton MBE (Vice-Chair)		Lincolnshire County Council
Cllr David Simmonds CBE (Vice Chairman)		Hillingdon London Borough Council
Cllr Howard Sykes MBE (Vice-Chair)		Oldham Metropolitan Borough Council
Cllr Sean Anstee		Trafford Metropolitan Borough Council
Cllr Philip Atkins OBE		County Councils Network (CCN)
Cllr Paul Bettison OBE		Bracknell Forest Borough Council
Cllr Simon Blackburn		Blackpool Council
Cllr Paul Carter CBE		Kent County Council
Cllr Ruth Dombey OBE		Sutton London Borough Council
Cllr Tom Fitzpatrick		East of England Local Government Association (EELGA)
Cllr Peter Fleming OBE		Sevenoaks District Council
Cllr Nick Forbes		Newcastle upon Tyne City Council
Cllr John Fuller		District Councils Network
Cllr Barrie Grunewald		North West Regional Leaders Board
Cllr John Hart		South West Councils
Cllr Simon Henig CBE		Durham County Council
Cllr Nicolas Heslop		South East England Councils (SEEC)
Sir Stephen Houghton CBE		SIGOMA
Cllr Donna Jones JP		Portsmouth City Council
Cllr Claire Kober OBE		Haringey LB and Resources Board
Sir Richard Leese CBE		Manchester City Council and City Regions Board
Cllr Michael Payne		Gedling Borough Council
Cllr Lib Peck		Lambeth London Borough Council
Cllr Peter Reeve MBE		Huntingdonshire District Council
Cllr Nicholas Rushton		East Midlands Councils
Cllr Gerald Vernon-Jackson CBE		Portsmouth City Council
Cllr Richard Watts		Islington Council
Cllr Michael Wilcox		West Midlands LGA
Apologies:	Cllr Peter Box CBE	Wakefield Metropolitan District Council
	Cllr Lisa Duffy	Huntingdonshire District Council
	Cllr Mark Hawthorne MBE	Gloucestershire County Council
	Cllr Sue Murphy CBE	Manchester City Council
	Cllr Stephen Parnaby OBE	Local Government Yorkshire and Humber (LGYH)
	Cllr Izzi Seccombe OBE	Warwickshire County Council
	Cllr Aaron Shotton	Welsh Local Government Assoc. (WLGA)
	Cllr Martin Tett	Buckinghamshire County Council
	Alderman Sir David Wootton	Local Partnerships