

## Note of last City Regions Board meeting

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<b>Title:</b>	City Regions Board
<b>Date:</b>	Monday 29 January 2018
<b>Venue:</b>	Westminster Suite, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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### Attendance

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

Item	Decisions and actions	Action
<b>1</b>	<b>Welcome and Apologies</b>  The Chair opened the meeting by welcoming Members to the Board.  Apologies were noted by the Chair.  There were no declarations of interest.	
<b>2</b>	<b>Fiscal Devolution Modelling Presentation</b>  Alex Thomason, Principal Policy Adviser, introduced this Item, noting the Governments pause on Fiscal Devolution due to other priorities – mainly Brexit dominating the political agenda. As a result, the Board had previously agreed to commission an outside consultancy for detailed econometric modelling to spell out in detail what a specific instance of fiscal devolution would look like in practice.  LGA officers shortlisted a number of consultancies, and finally selected WPI Economics to carry out this work. Alex then introduced Matthew Oakley, Director; and Steve Hughes, Associate Economist.  Matthew and Steve proceeded to deliver their presentation to Board Members. The overall message of the presentation related to the objective of the research – its purpose to strengthen the case for fiscal devolution by evidencing a strong and realistic business case to central government and Her Majesty's Treasury (HMT). Matthew and Steve explained that to do this, WPI Economics is: <ul style="list-style-type: none"><li>• Undertaking an economic modelling exercise, which will quantify the impact of specific instances of fiscal devolution; and</li><li>• making an assessment of how to make fiscal devolution implementable in practice.</li></ul> Matthew and Steve stated that a steer was needed by the Board on the specific instances of fiscal devolution which included:	

1. The devolution of all or part of an existing tax (such as Income Tax, Capital Gains, Vehicle Excise Duty and Stamp Duty Land Tax); and
2. The introduction of a new tax that can be raised locally (examples of which included a Tourism Levy, a Payroll Levy or a Reduction in Capital Gains Tax allowance).

WPI Economics had been in talks with HMT regarding this work, and it was communicated to the Board that HMT were very much against devolving any established taxes, such as income tax. However, colleagues in HMT were for the introduction a new, local tax. The Chair then opened the discussion out to the Board for their thoughts, of which the following was discussed:

- Members agreed the benefits of a new tourism levy, and the income and much needed funding this could bring to city region areas.
- Members somewhat discussed the benefits of a local capital gains tax, although this disagreed by some other Board Members.
- Members discussed extensively the idea of a student or university tax:
  - Discussions were centred around how students in local areas can cost councils thousands of pounds and drain resources, which is evident as students are exempt from paying council tax. Certain Members stated that perhaps the time has come for this benefit to change and students pay for their use of local services through tax.
  - Members also discussed how universities seemingly operate as a business, and generate a lot of income. Some Members agreed that whilst students should be exempt from some taxes, universities should be paying more to their local authorities. In relation to this, particular discussions were had over student accommodation and private landlords that served students, and how both council tax, property or business rates were not current policy. Members widely agreed that student accommodation generates a lot of income and profit.
  - Members also raised the issues around universities having a charitable status, and non-student/wider public perceptions and support for a student/university tax.
- Some Members expressed their concerns over new taxes, and the inequitable, negative impacts this could have on local areas. Members agreed that this should be about redistribution and equalisation of income raised through taxes. Officers stated that equalisation option in this project will certainly be explored.
- Members also expressed the requirement for WPI Economics to explore how either option one or two would work in terms of

process – would taxes be raised by central government and distributed accordingly; or would there be freedom to raise taxes and spend by local authorities.

- Members raised the idea of a local income tax, and discussed the idea of abolishing council tax with the idea to replace with a local income tax. Whilst this idea was not agreed by the whole Board, some Members discussed how council tax can be regressive in some local areas.
- Members also raised the idea of a workplace parking levy (of which has been successful in certain areas, including Nottingham City).

The Chair concluded with the following:

- Although HMT have disagreed with devolving centralised taxes, this doesn't mean that the momentum for calls for this should stop. The Chair stated that this can be achieved by LGA lobbying, including engaging HM Opposition.
- The Chair concluded Board Members discussion with the following non-priorities:
  - Council tax, and it's possible reform;
  - Capital Gains Tax; and
  - Vehicle/Excise Duty.

The Chair stated the following priorities, following on from Board Members discussions:

- A Local Income Tax;
- A Tourism Tax;
- A Payroll Levy; and
- A possible University/student tax (with the focus currently on universities, with future exploration around student tax).

Further discussions on this matter would be discussed at the next City Regions Lead Members meeting.

### **3 Fiscal Devolution Messaging Presentation**

Alex Thomson, Principle Policy Adviser, introduced the Item, and stated that at the last Board, Members also agreed to commission an external

consultancy to look at how to address the negative cultural attitudes in Westminster and Whitehall towards the idea of fiscal devolution. As part of this work, Public First have been appointed to deliver analysis and testing of potential messages around fiscal devolution.

Their short presentation touched on their experience and their approach to testing opinion via focus groups, and the output of the project – analysis and advice on the sort of messages that will maximise the appeal of fiscal devolution to residents. It was explained that this output can then be converted into hard data via focused polling and the results (if positive) presented to Ministers and advisers. Alex Thomson then introduced both Rachel Wolf and James Frayne, from Public First.

Both Rachel and James stated that as they were appointed four days ago, the project was in the very early stages. They went on to explain the importance of focus groups, and their usefulness in understanding the way people think, their perceptions of local government finance in general, and how to influence the conversation from negative to positive. Their work would consider four stages:

1. Reporting;
2. design polling and quantitative research;
3. building a campaign; and
4. building public engagement.

Rachel and James explained that Public First will start off with six focus groups in different regions of the country, accompanied by discussion guides and scripts, and asked Members for their thoughts on discussion points. The following was discussed by Members:

- Trust levels in local government and local authorities.
- The fairness of tax levels.
- NHS and adults social care services.
- Immigration and the impact this has on services.
- Brexit, the EU and the future and lack thereof of EU funding. This included the Leave Campaign's controversial claim of £350 million a week going to the EU possibly funding of the NHS.
- VAT, and where this is spent.
- The formulation and location of the focus groups, and how vital it is to get these correct.
- Where and how locally raised taxes are spent by local authorities, including where this money goes – particularly into central government. Members unanimously agreed the importance of communicating how local taxes would be better spent in local

areas.

- The redistribution of fiscal devolution would also be crucial.

The Chair concluded that this work was a good starting point for future LGA lobbying work, and a good basis for gathering ideas and perceptions from the public who are fiscally neutral. The Chair gave examples of allowing people to explore ideas such as what does council tax pays for as well as what could my council tax pay for.

The six group's, their locations, and methodology will be further discussed at the next City Regions Lead Members meeting.

#### **4 Employment and Skills - Update**

Jasbir Jhas, Senior Adviser, introduced the Item, who stated that the employment and skills work is delivered jointly by the City Regions Board and the People and Places Board. Jasbir gave an overview of the paper, which updated Members on LGA activity including progress with Work Local and options for future activity in this area. It is envisioned that this work will work alongside MPs', key stakeholders and Peers. Jas also stated that the campaign plan features the agenda for the year, with the launch planned for the end of February, coinciding with national apprentice week.

Jasbir also updated Members regarding the upcoming meeting between the Minister of State for Skills and Apprenticeships, Anne Milton MP, and the Chair, Sir Richard Leese OBE and the Chairman of the People and Places Board, Cllr Hawthorne MBE. The aim of this meeting is for the LGA to get skills on the Department of Education's (DfE) radar, and to build a strategic and operational partnership. Jasbir stated that the work will link in with the Industrial Strategy.

Finally, Jasbir concluded that the Board Chair of City Regions and People and Places suggested that the LGA establish a new skills task force, which would dedicate specific time and have oversight of the LGA's employment and skills work. It would be time limited, comprise Members of both the City Regions and People and Places Boards and draw in expertise from a wider base and engage stakeholders to help drive the agenda forward. An interim report will be submitted on behalf of the Task Force and the Board at the LGA Conference in the summer of 2018, with a full report due to be published in 2019.

The Chair then proceeded to open up discussions to Board Members. The following was discussed:

- Discussions were held over the Industrial Strategy and LEP's, and the need to engage the LEP network in this work. Discussions were also held over future Local Industrial Strategy involvement.
- Members discussed playing a role in influencing school curriculums, including academies.
- Members addressed the need to discuss in detail what skills are

needed at a local level, as well as driving this at a local level.

- Members discussed HMT Budget, and it's role to fill in the skills gap – including unemployment.
- Members agreed that the role of LEP's is vital in relation to this work, and expressed the need to engage them individually.
- Members agreed that Brexit is dominating the political agenda, seemingly paralysing other government business, and this work can play a significant role in filling the gaps Brexit will cause regarding skills in England.
- Members also deliberated over lobbying both government, but also HM Opposition.

**Actions:**

- The Board agreed to the formation of the Skills Task Force.

a) LGA Work Local Campaign Plan

## **5 Town and City Centre Management and Community Cohesion**

This Item was introduced by Daniel Shamplin-Hall, Adviser. Daniel invited Members to consider and agree a set of proposed next steps across each of the four identified work-streams in this area: city centre management; rough sleeping and aggressive begging; town centre renewal; and, community cohesion.

The Chair invited Members to comment:

- Members discussed the contradiction in governments messaging – how this was meant to be devolved response and actioned by local authorities; and now local authorities are waiting to view a national framework.
- Members agreed across the Board that the regulation of city centres should be managed by local authorities, and not a central government framework.
- Members brought up the issue of rough sleepers, and occurrences of people facing this issue not accepting support.
- Members widely agreed that this was not just a housing issue, but also an adult social care support issue.

- Discussions were also held over lack of funding and policy.
- The Board agreed to work-streams surrounding more exploration into support networks and systems.

The Chair concluded by stating the importance to differentiate between homelessness, and rough sleeping, as they are not the same thing.

**Actions:**

- The Board agreed to review this work in the future, following on from the government's response to the Casey Review.
- a) Appendix A: Summary of Public Management Issues, Existing Powers, Proposals and Action to Progress

## **6 Industrial Strategy Update - Local Enterprise Partnerships**

The Chair invited Daniel Gardiner, Adviser to introduce the Item. Daniel proceeded to update the Board on the paper's focus regarding the LGA's recent and proposed work in relation to Local Enterprise Partnerships (LEPs), in light of the pre-eminent role for LEPs proposed by the Industrial Strategy White Paper, and in advance of further guidance regarding the development and implementation of Local Industrial Strategies.

The Chair opened the discussion to Board Members, where the following was discussed:

- Board Members widely agreed that the Industrial Strategy should be fed by local solutions.
- Members also agreed that LEP's, whilst important, is not the answer for all solutions facing the skills gap and the country's industrial strategy.
- Members agreed the need to review LEP boundaries, and hope this will be discussed at the LEP Review being led by Jake Berry MP.
- Discussions were held over LEP's performance and structures.
- Members conversed over how to shape the LEP Reviews agenda. Particular reference was made to combined authorities and LEP's.
- Members agreed that Officers should back away from survey responses circulated by the LGA, as this was not representative of all local authorities.
- Members also discussed the role of London Mayor, and his influential position.
- Conversations were also held over the accountability of LEP's and

decision makers in the LEP network, and the need for local authorities to have overview of this.

- Members concluded that whilst there is a role for LEP's in the Local Industrial Strategies, LEP's should not be the driving force behind decisions made.

#### **Actions:**

Members agreed to the following:

- LGA Officers to provide Board Members with briefings of the LEP Advisory Panel, who are undertaking the LEP Review being led by Jake Berry MP.
  - The submission of a joint letter on behalf of LGA Boards to the LEP Advisory Panel.
  - To undertake further joint working between the LGA and the LEP Network.
- a) Local Enterprise Partnership survey - summary of findings
- b) Local Enterprise Partnerships - Advisory Panel Briefing Pack

## **7 Brexit - verbal update**

The Chair invited Ian Hughes, Head of Policy, to introduce the Item. Ian gave Members of the Board updates which included:

- The recent agreement made in the December talks that the EU will continue to fund local areas until the end of 2020. Ian stated that whilst this was welcomed, this does create a cliff edge if there is a 'no deal' scenario.
- The recent agreement made in the December talks regarding migration of UK and EU nationals. Again, Ian stated that whilst this was welcomed, this does create a cliff edge if there is a 'no deal' scenario.
- The government's insight work on a 'no deal' scenario. The LGA is responding to this by particularly looking at the effect of this on low-income towns and the consequences of this for local authorities.
- Ian briefly updated Members on the EU Withdrawal Bill in relation to transferring EU law to UK Law, and how decisions were not reached as of yet regarding what laws will be transferred to local government.
- Ian concluded by stating the EU Withdrawal Bill is currently sitting in the House of Law's (in its second reading), and that it is believed that some issues will come out of this.



Ian updated Members that weekly LGA Briefings regarding all Brexit matter are being published on the LGA website, which Members have full access to.

**Action:**

- Members noted the update.

## 8 Note of the last City Regions Board meeting

Members agreed notes of the previous Board.

### Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Sir Richard Leese CBE	Manchester City Council
Vice-Chairman	Cllr Susan Hinchcliffe	Bradford Metropolitan District Council
Deputy-chairman	Cllr Robert Light	Kirklees Metropolitan Council
	Cllr Abigail Bell	Hull City Council
	Cllr Liz Hazell	Walsall Metropolitan Borough Council
Members	Cllr Robert Alden	Birmingham City Council
	Cllr Abi Brown	Stoke-on-Trent City Council
	Cllr Donna Jones JP	Portsmouth City Council
	Cllr Tim Warren	Bath & North East Somerset Council
	Cllr Samantha Dixon	Cheshire West and Chester Council
	Cllr Martin Gannon	Gateshead Council
	Cllr Jean Stretton	Oldham Metropolitan Borough Council
	Cllr Jon Collins	Nottingham City Council
	Cllr Peter John OBE	Southwark Council
	Cllr Simon Letts	Southampton City Council
	Cllr Sue Jeffrey	Redcar & Cleveland Borough Council
	Cllr Paul Crossley	Bath & North East Somerset Council
Apologies	Mayor Marvin Rees	Bristol City Council
	Mayor Joe Anderson OBE	Liverpool City Council
	Cllr Timothy Swift MBE	Calderdale Metropolitan Borough Council
	Cllr Debbie Wilcox	Newport City Council
	Cllr Warren Morgan	Brighton & Hove City Council
In Attendance		
LGA Officers		