

Note of last Resources Board meeting

Title: Resources Board
Date: Tuesday 10 September 2019
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	Welcome, Apologies and Declarations of Interest The Chair welcomed members to the meeting and, in particular, the new Board members. The following declaration of interest was made: <ul style="list-style-type: none">- Cllr House declared that he is a member of Public Sector Audit Appointments Ltd. (PSAA) No other declarations were made. Apologies were noted (which can be found at <u>Appendix A</u>).	
2	Update Reports 2a – Local Government Finance Update Nicola Morton, Head of Local Government Finance, introduced item 2a, the Local government Finance Update. Nicola said that her update focussed on Business Rate Retention, the Fair Funding Review and Audit issues, as there was a separate agenda item on the Spending Round. Nicola reported that, as part of the Spending Round announcement, the Chancellor of the Exchequer had confirmed that there would be a one year delay to the implementation of the Fair Funding Review and 75 per cent Business Rate Retention. A number of joint working groups with MHCLG would continue to take place with various models still being looked at. Members asked whether the Ministry of Housing, Communities & Local Government (MHCLG) was undertaking a fundamental review of distribution through the Fair Funding Review or whether smaller scale changes were being considered. The Chair responded by saying that given the nature of local government finance reform, some authorities would benefit more than others in any new system and so it would not be	

easy to reach a common LGA position. He said that although the proposals that have emerged so far seem quite fundamental, it is still not clear how individual councils will fare.

With regard to audit, Nicola reported that there have been significant delays with auditing in a large number of councils due to resourcing issues at the auditing firm EY. She said that the Chair of the Resources Board has written to both the Minister for Local Government and the PSAA seeking reassurances that councils will not be penalised as a result of this and had received positive responses. She added that the Redmond Review into the effectiveness of local authority financial reporting and the audit regime was launched in July and Sir Tony Redmond has been invited to the next meeting of the Resources Board on 19 November to update members.

Cllr House, a board member of PSAA, noted that the delays to audits were wider than EY and this issue will continue due to the availability of auditors and the overlap of timing with NHS audits. He said that the problem is mainly to do with the early deadline in July and that this needs to be pushed back. He suggested that the LGA, through the Resources Board, should give this feedback to the Redmond Review.

Cllr Taylor, thanked the Chair for his letters and welcomed the responses from PSAA and the Minister for Local Government. She noted that it is now a wider issue as there are over 200 councils with late audits. She stated that local authorities have had operated commercial accounts for years so the work is not new, and she pointed to the impact the delay to the audit was having on Stevenage Borough Council. This includes potential financial penalties for late housing benefit audits. Cllr Taylor was keen for the LGA to feed into the Redmond Review.

Cllr House also wanted assurances that local authorities would not be affected by late audits due to factors outside of their control.

The Board agreed that the Chair would write to the new Minister for Local Government outlining their concerns.

Decision

The Board noted the update.

Actions

Cllr Watts to write to the new Minister outlining the Board's concerns around late audits.

2b - Workforce update

The Chair noted that Item 2b was a confidential update and asked any press and public present to leave the room.

Naomi Cooke – Head of Workforce – introduced item 2b, the Workforce Update. She updated members on developments with the various pay negotiations and other issues since her paper was written.

Cllr Sharon Taylor provided the Board with an update on her work as the LGA's Equalities & Diversity Champion. In particular, she highlighted the fact that the LGA Diversity and Inclusion conference on 1 October was now fully booked.

The Chair thanked Naomi and Cllr Taylor for their updates and returned the meeting to public session.

Decision

The Board noted the updates.

2c - European Structural Investment Fund update

Paul Green - Adviser, gave a verbal update on the European Structural Investment Fund. In particular, he highlighted the following points:

- There are still huge delays in the allocation of European Social Fund (ESF) and pressure is being put on the Department for Work and Pensions (DWP) to improve its performance so that the money is not lost when we leave the ESIF programme. The LGA has called for there to be an evaluation of the ESIF programme, which is being undertaken.
- The next Growth Programme Board is taking place w/c 16 September and therefore cannot provide a further update.
- There is concern that the launch of the UK Shared Prosperity Fund (UKSPF) will take longer than expected, increasing the likelihood for a gap in funding for schemes funded by the ESIF programme. However, there is scope for a more radical scheme that is a localised, place based fund.
- The Government restated in the Spending Round that a domestic replacement will be introduced even in the event of a 'no deal' Brexit. This has been a key win for the LGA and has provided a level of certainty for local areas.

Board members raised the following points:

- Concern about the lack of progress or consultation by the Government on an ESIF replacement.
- The process for allocating funding under the UKSPF will be crucial. It is important that the money gets to those communities who really need it, rather than just those that are good at bidding.
- It would be helpful if good practice from around the country could be shared in relation to councils' preparedness for Brexit.

The Chair thanked Paul for the update.

Decision

Members noted the update.

Action

Members to provide examples of ESIF programmes in their community to

Paul.

2d - Universal Credit / Welfare Reform update

Rose Doran, Senior Adviser, gave a verbal update on Universal Credit and Welfare Reform and made the following points:

- The new Secretary of State at the DWP is Therese Coffey MP.
- The regulations on Universal Credit passed through Parliament just before the recess.
- The LGA has been doing a lot of work over the summer on Local Housing Allowance (LHA) developing a shared position with stakeholders, namely, to restore LHA rates to at least the 30th percentile of rents when the freeze ends next year.
- The Government has allocated an additional £40 million for Discretionary Housing Payments but the identified gap in funding is more like £800 million.
- The LGA has commissioned research to look at the impact of the freeze on LHA on local authorities as most research to date has looked at the impact on residents.
- Contributing to the Government's 'breathing space' consultation and seeking a statutory moratorium on any debt recovery for individuals who have engaged with debt advice agencies.
- The protocol with Citizens Advice on recovering debts is having a positive effect. It includes the need for fair collection and enforcement policies and the ability for councils to take back cases involving vulnerable families.

Members asked whether there was any feedback from the DWP on the effect of the freeze on LHA. Rose explained that although it has reduced the amount of Housing Benefit paid out, there was evidence that it had shifted costs onto local authorities, and landlords had not lowered their rents as the Government had hoped.

Decision

Members noted the update.

3 Presentation from The Children's Society on Co-ordinated Crisis Support

The Chair asked Rose to introduce the next item – a presentation by Dr. Sam Royston (Director of Policy and Research), Toby North (Senior Public Affairs Officer – local government) and George Dunstall (Programme Manager - Coordinated Crisis Support), from the Children's Society on Co-ordinated crisis support.

Rose explained that the LGA has been part of the advisory panel engaged by The Children's Society in the design of the crisis support programme and have agreed with them that, where possible, the LGA will draw on the learning from their work and integrate it with our Reshaping Financial

Support Action Learning Programme. The LGA will also offer support and advice, where appropriate, for their engagement with participating councils.

The presentation covered 4 main areas:

1. What has happened to the Discretionary Social Fund
2. Research on what has happened on the ground with local welfare provision
3. Practical measures contained in the Coordinated Crisis Support Programme
4. Recommendations for future policy and practice

Sam explained that with the abolition of the Discretionary Social Fund, there are now 3 main ways in which support is provided to individuals in need – Discretionary Housing Payments, Council tax reduction and local welfare assistance. He said that funding for assistance across England has dropped from £140 million in the last year of the Discretionary Social Fund (2012/13) to around £30 million in 2017/18. There has also been a 75 per cent reduction in the number of people receiving assistance over the same period.

However, Sam said that despite the extremely challenging financial context for Local Government, many local authorities are innovating in this area and using local welfare assistance to support their most vulnerable residents.

He added that in the absence of effective welfare assistance in some areas, other statutory and voluntary sector organisations are piecing together their own crisis support networks to try to fill the gaps. However, many families find the system of support exhausting, or struggle to access any help at all.

Sam explained that Coordinated Crisis Provision is being piloted across four Local Authority areas in England and Wales and seeks to bring together voluntary sector agencies delivering crisis support to individuals and families.

Sam concluded the presentation by outlining the Children's Society's policy recommendations, namely:

Broader action is undoubtedly required from central government to tackle the key underlying drivers that are pushing families into financial crisis.

A national system of no interest loans should be introduced to help improve the flexibility of household finances.

Local Welfare Assistance can and must play a key role in the provision of crisis support, but it can only do so if central government provides the resources, certainty and guidance to enable local authorities to deliver

schemes that are fit for purpose.

Funding allocations for LWA should be ring-fenced and be accompanied by statutory guidance and basic reporting requirements to help councils implement best-practice and ensure a consistent minimum level of support wherever families live.

Members made the following points in response to the presentation:

- This should be seen in the context of significant funding challenges for local government
- There are separate issues for two tier areas. For example, housing departments in lower tier councils are often where crises manifest themselves.
- There are often huge delays in resolving cases, particularly around timely payment of Universal Credit.
- Budgeting loans are a mixed blessing as many people will not be able to afford repayments.
- There are many things that councils can offer outside of specific welfare schemes which can be very effective.

Sam thanked members for their feedback and said that if any individual councils wanted to have a presentation to get in touch.

Rose said that she would bring an update on the LGA's work on 'reshaping financial support' to a future Board meeting.

The Chair thanked Sam, Toby and George for their presentation.

Decision

Members noted the contents of the presentation.

Action

Presentation to be circulated by email to the Board.

4 2019 Spending Round and 2020 Spending Review

Sarah Pickup introduced the report. She emphasised the LGA's approach to the one-year announcement which had been to call on the Government to meet the funding gap, particularly in social care and Special Educational Needs and Disabilities (SEND) services, and the need for certainty including the continuation of all current funding streams. The LGA's work in advance of the 2020 Spending Review would continue.

The announcements provided for a funding package of £3.5 billion for council services including £1 billion new money for social care and £700 million for SEND, a proposed council tax referendum limit of 2 per cent and additional adult social care precept of 2 per cent. A one year delay in

the implementation of further business rates retention and the Fair Funding Review has also been announced.

Members made the following comments:

- sought clarification on the distribution of the £1 billion social care grant, and asked when further information would be known on allocations.
- Welcomed the additional money for SEND but pointed out it was already being subsidised from outside the Dedicated Schools Grant.
- On the 2 per cent referendum limit, some had built in an assumption of 3 per cent so would have to fill the gap. Others pressed for shire districts to have a £5 limit or to have the same limit as PCCs.
- asked about the status of negative RSG.
- Raised concerns about the future of the New Homes Bonus
- Councils were facing demands of homelessness and rough sleeping and inflation including wage pressure.
- Suggested the LGA should argue for more freedoms and flexibilities including charging for blue badges and single person discounts.
- Some felt that the LGA should have been more cautious in its reaction to the announcement. Others thought that the tone of the LGA response was correct.
- We should remember that council tax was not external funding.

Sarah Pickup responded to the points made:

- The LGA had reacted to a better than expected one year settlement - which confirmed current funding streams, met new pressures and inflation and provided some funds in recognition of underlying pressures. We are clear that it does not address our need for a sustainable, long term funding solution but recognise it as a good one year deal.
- On SEND we have been clear that there is an underlying problem and welcome the review.
- The social care grant may be distributed on the basis of the adults social care relative needs formula or it is possible there may be an element of the grant that is distributed in a way that takes into account the ability to raise income through council tax. We had also sought clarification as to whether the £1bn is in the

base going forward.

- We understand that negative RSG is in the base for next year but she noted that once increased business rates retention comes in this issue will be overtaken by new distribution mechanisms and any issues will need to be addressed through transitional arrangements.
- On council tax referendum limits, she said we were pushing for the continuation of the £5 higher limit for shire districts and believe this is likely to continue.
- She noted shire districts would benefit from another year of retention gains under the 50 per cent system as the reset has been deferred which had been something DCN had called for.
- We understood that New Homes Bonus would be confirmed for 2020/21 for one year only, further details would be in the technical consultation. A review would be undertaken to determine future arrangements.
- She noted that the public health grant is due to roll into business rates in 2021 and the formula may change at that point.
- We are expecting a technical consultation on the 2020/21 settlement before the end of September which should set out consultation proposals on the distribution of the new adult social care grant, arrangements for the New Homes Bonus and council tax referendum principles amongst other things.
- Confirmation that freedoms and flexibilities, and access to new forms of income remained part of our campaign for the 2020 Spending Review.

Members thanked Sarah for the update and asked for her comments to be circulated to the Board ahead of the full minutes.

Decision

Members noted the report.

5 Membership and Terms of Reference 2019-20

Due to time restrictions, the report was not introduced.

Decision

Members:

1. Noted the membership of the Board for 2019/20;
2. Agreed the Board's Terms of Reference for 2019/20;
3. Agreed to Membership of any Outside Bodies; and
4. Agreed to the reappointment of the Equalities & Diversity Champion – Cllr. Sharon Taylor.

6 Resources Board Priorities and Work Programme 2019-20

Due to time restrictions, the report was not introduced.

Decision

Members agreed their priorities and work programme for the 2019/20 meeting cycle.

7 Minutes of the previous meeting held on 13 May 2019

Decision

The minutes of the Resources Board meeting held on 13 May 2019 were agreed.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Richard Watts	Islington Council
Vice-Chairman	Cllr Tim Oliver	Surrey County Council
Deputy-chairman	Cllr Keith House	Eastleigh Borough Council
	Cllr Jason Zadrozny	Ashfield District Council
Members	Cllr Philip Atkins OBE	Staffordshire County Council
	Cllr David Finch	Essex County Council
	Cllr Daniel Humphreys	Worthing Borough Council
	Cllr Richard Wenham	Central Bedfordshire Council
	Cllr Tudor Evans OBE	Plymouth City Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Tony Newman	Croydon Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Sue Murphy CBE	Manchester City Council
	Cllr Phelim MacCafferty	Brighton & Hove City Council
Apologies	Cllr Peter Jackson	Northumberland Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Adam Paynter	Cornwall Council

In Attendance

LGA Officers