

Note of last Resources Board meeting

Title: Resources Board
Date: Tuesday 19 November 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. Apologies were received from Cllr Jason Zadrozny (Ind), Cllr Peter Marland (Lab), Cllr Sharon Taylor (Lab), Cllr Roger Phillips (Con) and Cllr Philip Atkins OBE (Con). Substitutes were Cllr Loic Rich (Ind), Cllr Terry Paul (Lab) and Cllr Andrew Leadbetter (Con). There were no declarations of interest.	
2	Local Government Finance update The Chair asked Nicola Morton, Head of Local Government Finance, to introduce the update. Nicola highlighted the following points from the update paper: <ul style="list-style-type: none">• The LGA response to the MHCLG technical consultation on the 2020-21 Local Government Finance Settlement had been submitted following consultation with Lead Members and approval by the Leadership Board and Executive. The key points of the response were laid out in paragraph 7 of the report.• The LGA had urged the Government to publish the provisional settlement as soon as possible after 12 December and no later than Parliament rising for the Christmas recess.• There were concerns about the increase in the Public Works Loans Board interest rates. Officers had been collating examples of capital schemes that were being reviewed by councils in the light of the increased cost of borrowing and this had been shared with MHCLG officials. Leadership Board had agreed to call for a discounted rate for councils to deliver schemes that were vital to the National Infrastructure Strategy which would otherwise have been under threat. Nicola took the opportunity to highlight the Municipal Bonds Agency's offer to councils seeking to borrow money.	

Decision:

- Resources Board members noted the update.

3 Workforce update

The Chair asked Naomi Cooke, Head of Workforce, to introduce the update.

Naomi added the following points to those laid out in the report:

- The Unison Freedom of Information survey of local authority pay had revealed that the gender pay gap across the sector had reduced from 5.3% in 2016 to 3.3% this year.
- The launch of the Returners' Programme has had to be delayed due to the General Election. However, the scheme was now open for individuals to apply to.

Decision:

Resources Board members noted the update.

4 Welfare and Universal Credit update

The Chair asked Rose Doran, Senior Adviser, to introduce the report.

Rose updated members on recent developments in national welfare policy and asked members for their thoughts on Universal Credit data sharing.

Cllr Evans requested an update paper be circulated on DWP grants and subsidy to councils. This was agreed.

Decision

- Resources Board members noted the update and agreed that there was a compelling case for Universal Credit data sharing.

Action

- Officers to develop the evidence base and call for all Universal Credit data to be shared with councils, as set out in paragraph 3.2 of the report.
- Officers to circulate an update paper to the Board following the next meeting of the DWP/Local Government Finance Group on 3 December.

5 European Structural and Investment Fund update - verbal update

The Chair asked Paul Green, Adviser, to give his update.

Paul's update covered two areas:

- *No deal preparations.* A meeting had been held between MHCLG and Resources Board Lead Members and the Brexit Taskforce to run through Brexit preparations for the European Regional

Development Fund. The information mirrored the advice that is available on the gov.uk Local Government Brexit Preparedness page and was outlined to members when the Director of European Programmes attended the Resources Board in February. At the briefing, members had stressed the need for details of the design and delivery of the UK Shared Prosperity Fund to be released and for it to be closely aligned with other local growth funding.

- *Performance and Dispute Resolution National Sub-Committee.* The Sub-Committee had met on 14 November and the main item for discussion was the administration of the reserve fund. Key points raised were the difficulty of finding public sector match funding; difficulty in obtaining value for money due to distance from the labour market; and that the UKSPF needed to more effectively enable the targeting of resources to those furthest from the labour market.

Members expressed the following concerns:

- Areas which didn't yet have a Local Industrial Strategy would miss out on funding. Paul said that he had raised this at the Performance and Dispute Resolution National Sub Committee and was given assurances that alternative evidence, as well as the 2014-20 ESIF strategies could also be used for funding bids as well as other local evidence.
- The lack of detail on the UKSPF was becoming a real problem. Paul said that this point was being regularly raised through the EU Exit Ministerial Delivery Board and the Brexit Taskforce, as well as through LGA press work.

Decision:

- Resources Board members noted the update.

6 Review of local authority financial reporting and external audit - draft response to the call for evidence

The Chair asked Alan Finch, Senior Advisor, to introduce the report and the LGA's response to the Review.

Alan said that the Redmond Review had been commissioned by the Government in July 2019 to look at the effectiveness of the 2014 Local Audit and Accountability Act which had abolished the Audit Commission and introduced a new audit regime for local authorities.

Alan explained that the LGA had successfully lobbied to get some changes to the Act, most notably the option for councils to opt in to national procurement of external audit through the Public Sector Audit and Appointments Ltd (PSAA), which 98% of councils had done. However, he said that a major problem had emerged in recent months with the widespread delay to the sign off of 2018/19 local authority accounts. This issue had previously been discussed at recent meetings of the Resources Board and was also flagged up as a major concern by the Leadership, and Improvement and innovation Boards, when the LGA response to the Redmond Review was discussed there. Therefore, Alan said that this issue was a major focus for the LGA's formal response and, was

considered to be largely a consequence of bringing the audit deadline forward to 31 July and additional due diligence that was being demanded of auditors. Alan reiterated the LGA's view that the deadline should be put back to the end of September.

The following comments and questions were raised by Board members:

- The delays to audits were considered to be an issue of lack of capacity, not any particular problem with the process itself. Alan said that this had been an issue for some time and that the Redmond Review was a good opportunity for councils to apply pressure to get a resolution. He added that specific training and qualifications were required to carry out local authority audits and so it wouldn't necessarily be a quick process to increase capacity.
- There was agreement that the audit deadline needed to be moved back to September.
- It was suggested that more needed to be done to take the views of town and parish councils into account as part of the review. Alan said that he would include more about this in the final response.

Decision:

That subject to the above comments, the submission to the call for evidence was approved.

Actions:

Officers to submit the consultation response, as amended, to the Redmond Review.

7 e-commerce levy

The Chair introduced item 7 and explained that following the recommendation of Resources Board in November 2018, the LGA had commissioned WPI Economics to explore the potential design and benefits of an e-commerce levy. The research had now been concluded and so he welcomed James Edgar and Steve Hughes from WPI Economics to the meeting and asked them to present their findings.

James explained that they had been asked to:

- Summarise the debate on levying taxes on online business within the context of the current debate around business rates.
- Examine the case for a local e-commerce levy as part of a future tax system.
- Model what a local e-commerce levy would look like, the potential tax yield and how it could be implemented.

There followed a discussion amongst Board members on the content of the presentation.

Following the discussion, the Chair thanked James and Steve for presenting their research. He suggested to the Board that this should now

feed into a wider debate about how local government was funded. He referred to the decision by the LGA Executive on 31 October that the Resources Board should “take forward work looking into alternative methods of local government funding”. He said that there were already a number of work strands ongoing at the LGA on fiscal devolution and so this would provide a good opportunity to bring this work together and to start a public debate. Board members agreed with this approach.

Decision:

- Resources Board noted the presentation by WPI Economics, approved the next steps outlined in paragraphs 9-13 of the report and agreed that the work should be published at an appropriate time following the General Election.

Actions:

- Officers to set up a joint meeting between the Lead Members of People and Places, City Regions and Resources Boards to discuss the outcome of this work and next steps in the LGA’s work on fiscal devolution and to report back to Resources Board on 3 March 2020.
- Officers to prepare a report drawing together the work the LGA has done on different or additional ways of raising resources to fund councils

8 National Audit Office - Code of Audit Practice consultation

The Chair asked Nicola Morton, Head of Local Government Finance, to introduce the report and the LGA response to the consultation.

Nicola explained that this consultation was the second part of a two stage process being undertaken by the National Audit Office (NAO) and that the LGA’s response to the first part of the consultation was approved at the May 2019 meeting of the Resources Board. She said that whilst the first stage of the process was a high level consultation on some of the broader issues, the second stage looked at the actual draft text for the new code.

Nicola said that the main substantive changes in the new code related to the value for money opinion, and the scope of the value for money conclusion. She explained that it moved away from a straight yes / no opinion on the arrangements for securing value for money and instead required the auditor to give a commentary on arrangements for securing value for money.

Nicola went on to outline the main points of the LGA’s response to the consultation.

Decision:

- Resources Board approved the submission to the NAO consultation.

9 Minutes of the previous meeting held on 10 September 2019

The minutes of the meeting held on 10 September 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
Members	Cllr David Finch	Essex County Council
	Cllr Daniel Humphreys	Worthing Borough Council
	Cllr Peter Jackson	Northumberland Council
	Cllr Richard Wenham	Central Bedfordshire Council
	Cllr Tudor Evans OBE	Plymouth City Council
	Cllr Tony Newman	Croydon Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr Sue Murphy CBE	Manchester City Council
	Cllr Adam Paynter	Cornwall Council
	Cllr Phelim MacCafferty	Brighton & Hove City Council
Apologies	Cllr Philip Atkins OBE	Staffordshire County Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Jason Zadrozny	Ashfield District Council
	Cllr Erica Lewis	Lancaster City Council