

Note of last Resources Board meeting

Title: Resources Board
Date: Tuesday 12 May 2020
Venue: Zoom videoconference

Attendance

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

Item	Decisions and actions	Action
1	Welcome, apologies and declarations of interest Apologies were received from Cllr Phelim MacCafferty and Cllr Tom Beattie (due to technical issues). Cllr Loic Rich was substituting for Cllr MacCafferty. There were no declarations of interest. The Chair put on record his thanks to all the LGA staff for their efforts during this difficult and challenging time. The Chair paid tribute to former Resources Board member, Sue Murphy, who had sadly passed away on 7 April.	
2	Covid-19 Local Government Finance Update The Chair invited Nicola Morton to introduce the report. Nicola outlined the Government's announcements and financial commitments affecting local government since the Covid-19 crisis had begun, including its package of measures to help local authorities and businesses. Of particular interest to Resources Board members were the announcements that the Review of Relative Needs and Resource and 75 per cent business rates retention would no longer be implemented in 2021-22. Nicola then highlighted the LGA's key messages in its dealings with Government which she said were being kept under constant review. These were a) that the Government needed to provide a cast-iron guarantee that all costs associated with Covid-19, additional 'business as usual' costs, and losses of income for councils during the crisis would be covered; and b) the additional financial support received so far from Government was very welcome. However, based on council's financial returns to date, they would need 3 to 4 times the £3.2 billion already allocated. Nicola said that loss of income accounted for two thirds of the funding gap councils were currently experiencing.	

Nicola reported that so far, 170 councils had provided the LGA with their MHCLG financial returns and she urged the remaining councils to share theirs in order to improve the evidence base. She said that the LGA was now working on 12 local authority case studies to provide more detail to Government on the challenges being faced.

Nicola said that most of the LGA's work had so far concentrated on the short-term impacts of Covid-19 on councils but they were now starting to think about the 'recovery' phase and longer-term repercussions. She invited members to input into what this recovery work could focus on and said these would be reported back to the Executive Advisory Board meeting on 15 May 2020. In particular, Nicola flagged up HM Treasury's review of the 'Green Book' on allocation of capital resources which the LGA was currently engaging with.

Following Nicola's introduction there was a discussion during which Members raised the following points:

- The LGA needed to make a stronger case to Government about the serious existential threat to local government if cost pressures and losses of income were not fully covered. It was reiterated that 3 or 4 times the amount of funding currently provided, would be required. It was suggested that the most effective role for the LGA was to collect more data from councils and to keep its message to Government simple and clear. In addition, the LGA needed to devise a clear lobbying strategy, starting with an approach to the Secretary of State and the Chancellor.
- More clarity and certainty and a long-term funding solution was needed from Government to enable councils to plan properly and avoid having to make in-year budget cuts that could hamper efforts at recovery.
- It was suggested that the LGA could ask the Government to write-off Public Works Loans Board debt in the same way that NHS Trust's debt had been written off by Government. Other members disagreed with this proposal. In addition, it was suggested that councils should be allowed to capitalise any losses.
- In relation to support for small businesses and the proposed 5 per cent uplift in business support, it was suggested that councils would lose out if the original baseline from the start of the lockdown was used.
- Councils were facing significant additional costs associated with the recovery of unpaid council tax and business rates. Could the LGA ask Government for these to be reimbursed?
- The lockdown had pointed to more effective and environmentally sound ways of working for councils such as remote meetings and more cycling and walking. These could reduce costs in future.
- Councils such as Crawley, Luton and Manchester, which relied heavily upon airport income, had been particularly badly hit.
- If costs were not going to be met in full by Government, would they instead provide further flexibilities to enable councils to spread them over a longer period?

Nicola concluded by reiterating the importance of councils completing their financial returns to MHCLG to enable them to make their case more effectively to the Treasury.

Decisions

Members of the Resources Board agreed the next steps outlined in paragraph 27 of the report and recommended that the LGA is stronger in its lobbying on for local government to be compensated for additional costs and lost income.

3 Support for low income households, the economically vulnerable and those in financial hardship

The Chair invited Rose Doran to introduce the update.

Rose said that the LGA's key lobbying priority had been around the sufficiency of the MHCLG £500 million hardship fund which was announced in its initial response to Covid-19. She said that an increasing number of councils were reporting significant issues with residents who were vulnerable due to financial and/or food poverty and the LGA had been working with both MHCLG and DEFRA to highlight this.

Rose said that the LGA was now thinking about how low-income and economically vulnerable households could best be supported longer-term through the 'recovery' phase. For example, forbearance and debt recovery were likely to become increasingly significant issues for councils in the coming months and there would be an increasing tension between supporting low-income households and the need for councils to recover arrears.

Following Rose's introduction, members raised the following points:

- Large increases in rent debt were reported which wouldn't be covered by Universal Credit.
- Lack of IT facilities in low-income households was proving a real obstacle for home-schooling.
- It was suggested that unsecured debt amongst low-income households was going to become a major issue and Credit Unions had limited capacity to help. Rose said that work was planned with Credit Unions about developing more affordable alternatives to high cost lending.
- Members agreed that the LGA should lobby to keep the temporary increase in Local Housing Allowance rates permanent and possibly to go even higher. Rose said that she had received indications from officials that this was likely to be the case. It was agreed that a letter should come from the Chair to seek confirmation of this.

Decision

Members of the Resources Board noted the update.

Action

Officers to draft letter to the DWP seeking confirmation of a permanent increase in Local Housing Allowance rate.

4 LGA response to HM Treasury Public Works Loans Board, future

lending terms

The Chair invited Bevis Ingram to introduce the report.

Bevis explained that the Government was consulting on proposals aimed at preventing councils borrowing from the Public Works Loan Board (PWLB) to buy investment assets primarily for yield. More specifically, that any council which undertakes commercial investment in a particular year will be prevented from borrowing from the PWLB within that year. Bevis reported that the Resources Board Chair had appeared before the Public Accounts Select Committee to make the point that the number of councils borrowing for this reason was tiny and so the Government's proposals were therefore excessive. The LGA response to the consultation therefore reflected this.

Bevis said that the consultation had taken on added significance since the Covid-19 outbreak as the PWLB could play a role in easing council's cashflow problems. This had also been added to the LGA response.

Members agreed with the broad thrust of the LGA response but suggested that it should be further strengthened to reflect their strong opposition to the proposals.

Decision

Members of Resources Board endorsed the LGA's consultation response but requested that it be strengthened to reflect the level of opposition to the Government's proposed PWLB borrowing restrictions.

Action

Officers to revise consultation response and circulate to Lead Members for final approval.

5 Special payments to staff as a result of COVID-19

The Chair reminded attendees that the meeting was now entering confidential session and so asked any press and public on the call to log out.

The Chair then invited Naomi Cooke to introduce the report.

There followed a confidential discussion on the contents of the report and Naomi's presentation.

Decision

The Resources Board made a confidential recommendation to the Executive Advisory Board.

6 Business Rates and financing local government - update

The Chair stated that he had been minded to postpone this report given the more immediate challenges posed by Covid-19. However, as the Government had indicated that the fundamental review of business rates would still be going ahead, he said that it was important that the LGA took

a position.

There followed a confidential discussion on the contents of the report.

Decision

The Resources Board agreed a confidential recommendation to the Executive Advisory Board on business rates and the financing of local government.

7 The European Structural and Investment Fund and COVID-19

The Chair invited Paul Green (Adviser) to introduce the update.

Following Paul's introduction there was a confidential discussion on the report's contents.

Decision

Resources Board members noted the update and agreed the next steps set out in paragraphs 24 and 25 of the report.

8 Workforce Update

The Chair invited Naomi Cooke and Jeff Houston to introduce the update.

There followed a confidential discussion on the report's contents.

Decision

Members of the Resources Board noted the update.

9 Minutes of the previous meeting held on 3 March 2020

The minutes of the meeting held on 3 March 2020 were agreed.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chair	Cllr Richard Watts	Islington Council
Vice-Chairman	Cllr Tim Oliver	Surrey County Council
Deputy-chair	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 Peter Jackson	Northumberland Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Richard Wenham	Central Bedfordshire Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Tony Newman	Croydon Council
Cllr Peter Marland	Milton Keynes Council	

	Cllr Erica Lewis	Lancaster City Council
Apologies	Cllr Tom Beattie Cllr Phelim MacCafferty	Corby Borough Council Brighton & Hove City Council
Substitute members present	Cllr Loic Rich Cllr John Merry CBE Cllr Andrew Leadbetter Cllr David Leaf	Cornwall Council Salford City Council Devon County Council Bexley Council