

Note of last Resources Board meeting

Title: Resources Board
Date: Friday 17 October 2014
Venue: Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

Attendance

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

Item	Decisions and actions	Action
1	Welcome and Introductions	
	The Chair opened the meeting with a round of introductions and noted the apologies that had been received.	
2	Declarations of Interest	
	No declarations of interests were made.	
3	Order of the Agenda	
	It was moved and agreed that the order of the agenda be amended so as to take the Item 3, the 'Independent Commission on Local Government Finance' first on the agenda.	
4	Independent Commission on Local Government Finance	
	Darra Singh (Chair of the Independent Commission on Local Government Finance) provided a verbal update on: the role, remit and approach of the Commission; the work it had undertaken; the feedback it had received thus far; and the timescale for reporting its findings. In doing so, he paid particular attention to the range of views that had been received in the feedback to the consultation and welcomed Members' input.	
	There followed a detailed discussion in which Members raised a number of issues which they felt a new local government finance system needed to address and discussed potential reforms which the Commission might wish to consider further. Comments included:	
	<ul style="list-style-type: none">The Board highlighted the unique opportunity the national debate on the Scottish Referendum presented to make an ambitious and compelling case for greater financial and decision-making freedoms for English and Welsh localities.There was unified support for adopting an asymmetric approach to devolution that allow for differential devolution. In doing so,	

Members emphasised the importance of ensuring that all areas have access to the same tools and opportunities, and cautioned against a 'one model fits all' approach.

- Members emphasised the appetite and ambition of the sector for sustainable financial independence and discussed the importance of ensuring the Commission's findings gain traction, both within the sector as well as beyond. Particular reference was made to the importance of meaningful partner engagement in the consultation process and the steps being taken to deliver this.
- Members asked that the themed engagement workshops be open for Resources Board Members to attend.
- Suggestions for the Commission's consideration included: devolving greater freedoms to councils to set rules, regulations and revenue raising powers at a local level; improving incentivisation and providing the flexibility to apply incentives differently according to local circumstances; supporting long term financial planning through less frequent business rates revaluation; developing a sophisticated means of managing the transfer of risk from central government to local authorities; assessing authorities' financial sustainability in terms income and pension liabilities in addition to budget; and safeguarding against the transfer of revenue raising services to central government.

Decision

That the Board's comments feed into the Independent Commission on Local Government Finance's review.

5 Resources Board Membership, Terms of Reference and Work Programme

Michael Lockwood (Executive Director of Finance and Policy) briefly introduce the report which set out the Board's membership, terms of reference, Lead Member Portfolio Holders and suggested priorities for the Board's focus over the next nine months. He invited Members' views on the suggested work programme which was set out for the Board's comment and agreement.

The report was agreed without further comment.

Decisions

That the Board:

- i. agreed its priorities and work programme for the 2014/15 meeting cycle as set out in the report; and
- ii. noted its Membership, Terms of Reference and Lead Member Portfolio Holders for 2014/15.

6 Local Government Finance Update

The Chair introduced the report which outlined the main local government finance priorities for the LGA, not covered elsewhere on this agenda. She made particular reference to: the 2015/16 Local Government Finance Settlement; the Care Act New Burdens; the implementation of the Single Fraud Investigation Service; and an LGA survey on business rates retention and council tax support.

In the discussion that followed, Members made a number of comments, including:

- Serious concerns were expressed regarding the financial implications on local authorities as a result of an increasing number of business rates appeals, particularly those by large organisations that seek to backdate claims.
- Concerns were expressed regarding the detrimental impact of changes to the treatment of student council tax exemptions - included in the Local Government Finance Settlement consultation - with particular reference to councils with a high student population.
- Members strongly emphasised the importance that Government revisit the overall funding envelope to ensure that the Care Act is fully funded, with no new financial burdens on councils.
- A Member noted the role of many coastal areas as financial trading centres and highlighted the need for a mechanism to ensure a proportion of the wealth generated through these activities to be invested in the local area.

Decisions

That the Board noted the update and asked that their comments inform the development of the Board's finance work stream.

7 Autumn Statement 2014: LGA Submission [Confidential]

8 Municipal Bonds Agency Update

Cllr Clarence Barrett introduced the report which updated on progress in establishing a Municipal Bonds Agency, following the Executive's approval in July to move the project into full mobilisation phase. In doing so, he highlighted the project's success in securing investment from a diverse range of 38 councils; however he encouraged Members to continue to promote the project as its success would be contingent upon councils being willing to take advantage of the borrowing and investment opportunities.

In the discussion that followed, Members made a number of comments,

including:

- Members commended the success, progress and ambition of the project thus far. In doing so, they emphasised the importance of publicising this good new story more widely and noted their role in promoting the project within their peer group. With this in mind, the Board stressed the importance of an effective communications plan to maximise opportunities to promote the project within the sector and beyond.
- It was suggested that incentives for early repayment of loans be considered.

Decision

That the Board noted the progress and supported efforts to identify further investors in, and borrowers from, the Agency.

Action

Circulate to Board Members the promotional leaflet on the Municipal Bonds Agency that was circulated at the LGA Conference. **John Wright.**

9 Developing the Sector-Led Improvement Finance Offer

The Chair briefly outlined the report which updated on work being undertaken to develop the sector-led improvement offer with respect to financial issues and asked for Members' guidance.

In the discussion that followed, Members made a number of comments, including:

- Members emphasised the importance that the pool of 'Peers' and 'Associates' include a diverse and broad range of experience and skills. To this end, they suggested that the selection criteria be broader than exclusively CIPFA qualifications, so as to include those candidates that possessed the requisite skills and experience, but were not CIPFA qualified.
- It was suggested that a more sophisticated manner of neutrally assessing and classifying authorities' financial sustainability be developed.
- Members noted the importance of joining up this work with the LGA's wider activities on devolution.

Decision

That the Board's views inform the development of the LGA's approach to financial issues within sector-led improvement.

10 Workforce Board Legacy

Cllr Roger Phillips briefly outlined the report which summarised the governance context of the former Workforce Board and its key areas of responsibility which transferred to the Resources Board. In doing so, he drew particular attention to the achievements of the former Board in securing reforms to the Local Government Pension scheme. With reference to the LGA's role in funding this work, he highlighted the importance that this be recognised as part of the promotional work around the Fund's Annual Report.

Decision

That the Board note the report.

11 Workforce Update Paper [Confidential]

12 Social Worker Recruitment and Retention

Sarah Messenger (Head of Workforce) briefly introduced the report which updated on the work of a joint Resources Board and Children and Young People Board task and finish group looking at improving the recruitment and retention of social workers.

Members welcomed the work of the task and finish group and highlighted the need to encourage all local authorities to invest in providing opportunities to newly trained social workers. In discussing tackling the issue of retention, Members' highlighted the need to address the financial disincentive of training new staff as well as making social work a more attractive profession, both in terms of minimising risk and by improving terms and conditions.

Decision

That the Board noted the report and that their comments inform the work of the task and finish group.

13 European Employer Bodies Membership [Confidential]

14 EU Funding 2014-2020 Update

Cllr Sue Murphy introduced the report which provided background on LGA activity to influence EU funding for 2014 – 2020 and the Board's views on next steps. In doing so she: noted the activities still to be undertaken and issues to be resolved prior to the funds going live in January 2015; emphasised the importance that the role of local partners should not be diluted; and drew attention to lobbying activities to ensure that the successor to the shadow Growth Programme Board (GPB) be a decision

making body.

In the discussion that followed, Members made a number of comments, including:

- The important role of the GPB and the need for robust governance arrangements to scrutinise performance and spend. The need to review the LGA's membership and ensure political balance was also discussed. Given the critical stage in the process and the need for continuity, it was agreed that a membership review take place when the successor body to the shadow Board took form.
- There was a strong feeling that whilst Technical Assistance should be held and used locally, the financial burden should not fall on local partners.
- With reference to a current council-run ESF cofinancing programmes, a Member asked that the LGA put on record its support for their continuation within LEP arrangements in the 2014-2020 round, but that given securing match funding will be difficult, national agencies could be encouraged to provide match.

Decision

That the Board noted the report and that their views inform the direction of the Board's EU funding work stream.

15 Welfare Reform Update

Paul Raynes (Head of Environment, Localism and Welfare) introduce the report which updated on the latest developments on welfare reform, including: Local Welfare Assistance fund; housing benefit administration subsidy; discretionary housing payment; and Universal Credit (UC).

In the discussion that followed, Members made a number of comments, including:

- With reference to the creation of the Single Fraud Investigation Service, concerns were expressed regarding the resourcing of the remaining non-benefit fraud cases which councils would continue to manage.
- Members highlighted the need for a robust process to be put in place – including providing incentives to local authorities - to deal with cases where a UC recipient relocates to a local authority outside of the pilot areas.
- With reference to the number of UC pilots conducted, a Member suggested that the sector take a more robust approach in their discussion with Government regarding the role of local government in the UC delivery plans and emphasis the vital importance of data sharing.
- In discussing recent welfare reform changes, concerns were

expressed that homogenisation of welfare services would lead to less people centred provision.

Decision

That Board noted the update and that their views inform the development of the Board's welfare reform work programme.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Claire Kober	Haringey Council
Vice-Chairman	Cllr Roger Phillips	Herefordshire Council
Deputy-chairman	Cllr Claire Hudson	Mendip District Council
	Cllr Clarence Barrett	Havering London Borough Council
Members	Cllr Sue Murphy	Manchester City Council
	Cllr Aaron Shotton	Flintshire County Council
	Cllr Chris Shaw	North East Lincolnshire Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr James Jamieson	Central Bedfordshire Council
	Cllr John Osman	Somerset County Council
	Cllr Nigel Ashton	North Somerset Council
	Cllr Melvyn Caplan	Westminster City Council
	Cllr John Fuller	South Norfolk District Council
	Cllr Barbara Janke	Bristol City Council
	Cllr Linda van den Hende	Havering London Borough Council
Apologies	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Sian Timoney	Luton Borough Council
	Cllr Adrian Hardman	Worcestershire County Council
	Cllr Harvey Siggs	National Association of Regional Employers
	Cllr Denny Vitty	Northern Ireland Local Government Association (NILGA)