



Government
Association

Resources Board

Agenda

Wednesday, 13 July 2022
2.00 pm

Hybrid Meeting - 18 Smith Square and
Online

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Please read these notes for your own safety and that of all visitors, staff and tenants.

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The LGA also offers the Govroam network, a Wi-Fi network which gives Members seamless roaming internet access across multiple public-sector locations if you have also signed up for this service. This network is enabled throughout our Westminster building and allows Members and staff from other authorities who are part of the Govroam network to seamlessly connect to our Wi-Fi.

Further help

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Resources Board
13 July 2022

There will be a meeting of the Resources Board at **2.00 pm on Wednesday, 13 July 2022** Hybrid Meeting - 18 Smith Square and Online.

LGA Hybrid Meetings

All of our meetings are available to join in person at 18 Smith Square or remotely via videoconference as part of our hybrid approach. We will ask you to confirm in advance if you will be joining each meeting in person or remotely so we can plan accordingly, if you wish to attend the meeting in person, please also remember to confirm whether you have any dietary/accessibility requirements. 18 Smith Square is a Covid-19 secure venue and measures are in place to keep you safe when you attend a meeting or visit the building in person.

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Political Group meetings and pre-meetings for Lead Members:

Please contact your political group as outlined below for further details.

Apologies:

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

Conservative:	Group Office: 020 7664 3223	email: lgaconservatives@local.gov.uk
Labour:	Group Office: 020 7664 3263	email: labgp@lga.gov.uk
Independent:	Group Office: 020 7664 3224	email: independent.grouplga@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235	email: libdem@local.gov.uk

Attendance:

Your attendance, whether it be in person or virtual, will be noted by the clerk at the meeting.

LGA Contact:

Emilia Peters
emilia.peters@local.gov.uk

Carers' Allowance

As part of the LGA Members' Allowances Scheme a Carer's Allowance of £9.00 per hour or £10.55 if receiving London living wage is available to cover the cost of dependants (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

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Resources Board – Membership 2021/22

Councillor	Authority
Conservative (7)	
Cllr Richard Wenham (Vice Chairman)	Central Bedfordshire Council
Cllr Adrian Hardman	Worcestershire County Council
Cllr Mark Hawthorne MBE	Gloucestershire County Council
Cllr Nicholas Jones	Bury Metropolitan Borough Council
Cllr Phillip King	Harborough District Council
Cllr Rory Love OBE	Kent County Council
Cllr Roger Phillips	Herefordshire Council
Substitutes	
Cllr Andrew Jamieson	Norfolk County Council
Cllr Andrew Leadbetter	Devon County Council
Cllr David Leaf	Bexley Council
Labour (7)	
Cllr Andrew Western (Chair)	Trafford Metropolitan Borough Council
Cllr Jas Athwal	Redbridge London Borough Council
Cllr Sharon Taylor OBE	Stevenage Borough Council
Cllr Amanda Serjeant	Chesterfield Borough Council
Cllr Peter Marland	Milton Keynes Council
Cllr Terry Paul	Newham London Borough Council
Vacancy	Labour Group
Substitutes	
Cllr Abdul Jabbar MBE	Oldham Metropolitan Borough Council
Cllr Harpreet Uppal	Kirklees Metropolitan Council
Liberal Democrat (2)	
Cllr Keith House (Deputy Chair)	Eastleigh Borough Council
Cllr Richard Kemp CBE	Liverpool City Council
Substitutes	
Cllr Michael Headley	Bedford Borough Council
Independent (2)	
Cllr Jason Zadrozny (Deputy Chair)	Ashfield District Council
Cllr Phelim Mac Cafferty	Brighton & Hove City Council
Substitutes	
Cllr Zoe Nicholson	Lewes District Council
Cllr James Hakewill	North Northamptonshire Council

Agenda

Resources Board

Wednesday 13 July 2022

2.00 pm

Hybrid Meeting - 18 Smith Square and Online

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Date of Next Meeting: Thursday, 22 September 2022, 2.00 pm, Hybrid Meeting - 18 Smith Square and Online

Local government finance update

Purpose of report

For information.

Summary

This report provides a summary of the work by the LGA on funding and finance issues since the previous meeting of the Board on 11 May 2021. This includes updates on business rates, the energy rebate, funding for arrivals from Ukraine and capital finance. Work on cost pressures and local audit are covered by separate papers elsewhere on the agenda.

Recommendations

That Members of Resources Board note this update

Action

Officers will proceed with the delivery of the LGA's work on local government finance matters, keep members of Resources Board updated on developments and seek the views of the Board where possible or Resources Board Lead Members.

Contact officer: Nicola Morton

Position: Head of Local Government Finance

Phone no: 020 7664 3197

Email: nicola.morton@local.gov.uk

Local government finance update

Introduction

1. This report provides a summary of the work by the LGA on funding and finance issues since the last Board meeting on 11 May 2022. Work on cost pressures and local audit are covered by separate papers elsewhere on the agenda.

Business Rates

2. The March [Spring Statement](#) included the bringing forward of the implementation of business rates exemptions for eligible plant and machinery used in onsite renewable energy generation and storage, and a 100 per cent relief for eligible low-carbon heat networks with their own rates bill to April 2022. Local authorities will be compensated for the loss of income due to these measures and will receive new burdens funding for any administrative and IT costs. The heat networks relief, which is expected to be a mandatory relief in 2023/24, will be implemented as a funded discretionary relief in 2022/23; guidance on this is expected to be published shortly.
3. A Non-Domestic Rating Bill was announced in the [Queen's Speech](#) and is expected to be introduced before the summer recess. As well as introducing the mandatory heat networks relief referred to above, it will also include a new 12-month mandatory relief on increases to rateable value arising from improvements made to a property. The Bill is also expected to contain measures including those concerned with the implementation of revaluations every three years including new duties for ratepayers to give information to the Valuation Office Agency.
4. As reported at a previous meeting, the Treasury published a consultation on an [online sales tax](#) earlier this year. This focussed on the scope, design and impacts of such a tax. The Government stated that any revenues from the tax would be used to fund a reduction in business rates for retail properties but does not go into detail about the design of any such relief nor how much discretion councils would have. In the [LGA's response](#), which was signed off by Lead Members of Resources Board, we said that we supported the introduction of an online sales tax but it should not be at the expense of business rates income.
5. A consultation on [arrangements for transitional relief](#) for businesses to help them move to new bills following the 2023 revaluation was published by DLUHC on 30 May. This closes on 25 July. The LGA's response will be signed off by Lead Members of Resources Board.

Energy Rebate through Councils

6. Councils have been distributing the [Council Tax Energy rebate](#) from 1 April. Although DLUHC has not yet published data, officers understand that it was paid to most direct debit payers by the end of May. Councils are contacting those not on direct debit and other eligible groups such as some students who are eligible for the scheme although they are exempt from paying council tax. There have been extensive discussions about

the details and administration of the scheme and new burdens arising from the scheme with DLUHC officials; an initial [payment of £28 million](#) has been made to councils. DLUHC plans to conduct a wider, more detailed new burdens assessment in due course.

Ukrainian arrivals

7. We have been in continuing dialogue with DLUHC officials over the financial implications of the Homes for Ukraine scheme and other arrivals from Ukraine. DLUHC has published [guidance on the role of councils in the Homes for Ukraine](#). Councils had to submit a claim to DLUHC by 13 June for a grant payment for the Homes for Ukraine scheme to cover tariff payments of £10,500 per new arrival and reimbursement of any monthly thank you payments made. We continue to make the case for funding for people arriving via other routes such as the family visa scheme.

Capital finance – Clause 71 Levelling Up and Regeneration Bill

8. The [Levelling Up and Regeneration Bill](#) is currently going through Parliament, having been published on 11 May. The bill is wide ranging and includes a clause (clause 71) relating to capital finances for councils. DLUHC also published a [policy paper](#) to explain the background to the clause.
9. The clause will allow the Secretary of State to make significant interventions in individual councils, including directions to cap borrowing or to dispose of certain assets. Such interventions would only happen following dialogue with the council and after a review which would be likely to last at least a year. Such a review would be triggered by either measurement against certain metrics or if the council had issued a section 114 (3) notice (or government financial support had enabled a section 114 (3) to be avoided).
10. Exact details of these metrics are not yet clear; they will be specified in regulations after the Bill becomes an Act. The Government has said it will engage with the sector on the details. In our Parliamentary briefing on the Bill, we have suggested an amendment that would ensure that the Government consults fully with the sector before setting the metrics in the regulations. This will be crucial to allow the sector to highlight any unintended consequences of the exact metrics to be used.
11. At the same time that the Bill and the policy paper were published, DLUHC commenced a dialogue with a small number of councils. We understand that DLUHC does not have plans to contact further councils at this time.
12. On 12 May, HM Treasury published new lending guidance for the Public Works Loans Board (PWLB). Under this new guidance, the PWLB will not lend to any council if it believes there is a significant risk that the loan will not be repaid without significant financial support from the Government.

Capital finance – Minimum Revenue provision

13. As previously reported, in November DLUHC undertook a [consultation](#) on proposed changes to the regulations underpinning the Government's [Statutory Guidance on Minimum Revenue Provision](#) (one of the four codes that form the Prudential Framework

for Capital Finance). The proposal is to put the requirement to make Minimum Revenue Provision (an amount to set aside each year from the revenue account to repay the principal of debt) onto a statutory footing. In our [response](#) we raised serious concerns that the proposals could have unintended consequences, for example affecting councils' ability to invest in infrastructure and housing via wholly owned companies and have serious impacts on some council's revenue budgets (the consultation document itself estimated this cost could be as much as £700 million).

14. DLUHC has listened to these concerns and in June sent a revised set of [proposed regulations](#) to all those who responded to the initial consultation, together with a [survey](#) seeking views on whether the revised proposals addressed the concerns. This survey was open for two weeks. In our response (LINK) we agreed that the revised proposals addressed the main concerns that had been raised.

Next steps

15. Members are asked to note this update.
16. Officers will proceed with the delivery of the LGA's work on local government finance matters, keep members of Resources Board updated on developments and seek the views of the Board where possible or Resources Board Lead Members.

Implications for Wales

17. We are in regular contact with the Welsh LGA and the other local government bodies in the devolved nations to exchange intelligence, ideas and consider joint work on local government finance.

Implications for Equalities

18. This paper outlines how the LGA is working on a range of initiatives on finance and funding issues. These issues affect councils and their residents as a whole and it is difficult to assess what individual impacts are on people with protected characteristics. Improving the funding position of councils should aid them to be able to fund work that improves equalities. Working with the government on improving guidance on finances (e.g. on the Homes for Ukraine scheme) should also help with enabling better outcomes.

Financial Implications

19. The work covered in this paper is included in the LGA's core budget.

Cost of Living summary

Purpose of report

For information.

Summary

This paper gives a brief overview of our developing and ongoing work on the cost of living, to accompany a verbal update. This highlights developments since the last Board

Is this report confidential? Yes No

Recommendation

That the LGA continues to develop a cross-cutting and collaborative approach to developing the evidence base, supporting councils and informing policy development to ensure we are responding as effectively as possible to cost of living pressures

Actions

As directed by the Board

Contact officer: Rose Doran
Position: Senior Adviser
Phone no: 0207 6643073
Email: rose.doran@local.gov.uk

Cost of Living summary

Cost of living summary

1. Rose Doran and Esther Barrott presented a joint paper to People and Places Board (07/06/22) and City Regions Board (15/06/22) to seek members' view on priorities for a cross-cutting approach across the LGA
2. People and Places members nominated Cllr Emily O'Brien to contribute to an LGA member advisory group. They identified a number of key priorities for rural areas including:
 - 2.1. The importance of collaboration between councils and the voluntary and community sector
 - 2.2. Sufficient, affordable rural transport, in particular bus services; recognition of impact of fuel costs for those who need to drive e.g. for work
 - 2.3. The role of the agricultural sector and impacts on food security; planning and councils' role in decisions on land use – e.g. sustainable farming, renewables, green development
 - 2.4. The importance of linking cost-of-living with climate change and net zero – in particular support for retrofitting to improve energy efficiency, prioritising vulnerable groups
 - 2.5. The need to recognise that rural poverty exists, particularly in coastal towns, and can exacerbate isolation and social exclusion
 - 2.6. Digital divide and inequality of access to rural broadband – especially now we have a shift to people working from home
 - 2.7. Housing affordability and availability, which can be exacerbated in some areas by second home ownership
 - 2.8. Low pay in the rural economy e.g. in retail, care-work and hospitality
3. City Regions Board proposed Cllr Gillian Ford to contribute to an LGA member advisory group. Several other members expressed an interest in being directly engaged in policy and improvement work going forward.
4. City Regions members identified similar themes to those identified by the People and Places Board, in particular the links between economic and environmental sustainability and reducing poverty.

5. They emphasised the importance of greater freedom and flexibility through devolution to creating inclusive local economies, and the role of councils as leaders of place.
6. Both Boards welcomed the emphasis on building long-term financial wellbeing and resilience
7. Cost-of-living is a key theme at this year's LGA Annual Conference. We have developed some web content to set out the LGA's developing position and share case studies on local approaches
8. Effective local approaches to levelling-up should contribute to alleviating cost-of-living pressures in both the medium and long term
9. The LGA has put together proposals for improvement work that could be delivered via this year's Department for Levelling Up Housing and Communities (DLUHC) grant determination. These include:
 - 9.1. Building on the action learning sessions delivered with Shared Service Architecture to further develop and explore proposals developed within the workshops with groups of councils and key partners
 - 9.2. Development and delivery of the debt maturity framework
10. A further update on these discussions should be possible by the time of the Board

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Note of last Resources Board meeting

Title: Resources Board
Date: Wednesday 11 May 2022
Venue: Hybrid Meeting - 18 Smith Square and Online

Attendance

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

Item	Decisions and actions	Action
1	Declarations of Interest The Chair welcomed and introduced members to the Resources Board meeting. No declarations of interest were made.	
2	Local Government Finance Update The Chair invited Bevis Ingram, Senior Adviser, to present the report which provided a summary of the work by the LGA on funding and finance issues since the previous meeting. Since the circulation of the agenda, the Queen’s Speech had taken place. Bills to note from the speech included the Non-Domestic Rating Bill which had implications for business rates, the Draft Audit Reform Bill, and the UK Infrastructure Bank Bill which would put the bank on a statutory footing. On the day of the meeting, the Levelling Up and Regeneration Bill was introduced to Parliament and had a clause on capital finance, giving the secretary of state wider powers to intervene on individual councils under certain circumstances. Members discussed the report and made the following comments: <ul style="list-style-type: none">• Members raised concerns over various cost pressures. This included the lack of funding for councils to support Ukrainian citizens fleeing war who had arrived in the UK on the Ukraine Family Scheme visa rather than on the Homes for Ukraine Scheme• More regulatory burdens on councils had caused increased pressures in financing housing• It had been a challenge to recruit to senior roles with councils unable to compete with pay increases in the private sector• There were concerns that contract costs would increase with inflation and councils would be forced to continue paying the increased funds.	

In response, Bevis Ingram advised the following:

- The details of how funding would be provided between the different tiers to support Ukrainian families had not yet been finalised. It was also not yet agreed how funding would be allocated should Ukrainian families move between local authorities, but officials were looking into it.
- The procurement team within the improvements section of the LGA were aware of the concerns relating to contract inflation.

Decision:

Members **noted** the update.

3 Cost of Living - Verbal Update

The Chair invited Rose Doran, Senior Adviser to give an update on the LGA's developing and ongoing work on the cost of living pressures. This included work across the LGA's policy boards which were relevant to the cost of living pressures, engagement at roundtable events, the cost of living advisory group and reviewing the evidence base on the complexity and sufficiency of the current benefits system.

Since the circulation of the agenda, plans were announced for some to be moved off legacy benefits and onto Universal Credit. As a result, many may be either in the same position or worse off. This would be monitored at the roll out.

The aim of the Cost of Living Advisory Group was to have a range of voices and a sense of the positive or negative impacts councils have on the cost of living. There were specific areas of concern such as mental health and children's services.

Members made the following comments:

- It was raised that funding for discretionary housing payments was given in tranches every 6 months, which had made financial planning and managing expectations for councils difficult
- It was noted that many on benefits were in work and queried if there had been work exploring income.

In response, Rose Doran advised the following:

- One of the aims of the advisory group was to get a balance of perspective as viewpoints varied
- Consideration had been given for how government delivered funding, not just how much had been provided. For example, councils may benefit from provision of more long-term funding instead of in tranches for short periods.
- The LGA had been working with other organisations carrying out research into the cost-of-living pressures, including income impacts.

Decision:

Members **noted** the update

4 Workforce Update - CONFIDENTIAL

Please refer to the confidential minutes document for information related to this item.

5 Apprenticeships Update - CONFIDENTIAL

Please refer to the confidential minutes document for information relating to this item.

6 Minutes of the previous meeting held on 2 March 2022

Members agreed the note of the previous meeting as an accurate record.

7 UK Infrastructure Bank - CONFIDENTIAL

Please refer to the confidential minutes document for information relating to this item.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Shaun Davies	Telford and Wrekin Council
Vice-Chairman	Cllr Richard Wenham	Central Bedfordshire Council
Deputy-chairman	Cllr Keith House	Eastleigh Borough Council
	Cllr Jason Zadrozny	Ashfield District Council
Members	Cllr Adrian Hardman	Worcestershire County Council
	Cllr Mark Hawthorne MBE	Gloucestershire County Council
	Cllr Phillip King	Harborough District Council
	Cllr Rory Love OBE	Kent County Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Amanda Serjeant	Chesterfield Borough Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Terry Paul	Newham London Borough Council
	Cllr Richard Kemp CBE	Liverpool City Council
	Cllr Phelim Mac Cafferty	Brighton & Hove City Council
Apologies	Cllr Nicholas Jones	Bury Metropolitan Borough Council
In Attendance	Jessica Hill	LGC
	Karen Higgins	WLGA
	Anna Cartwright	UK Infrastructure Bank
LGA Officers	Jonathan Bryant	
	Naomi Cooke	
	Jo Donnelly	
	Rose Doran	
	Mike Heiser	
	Bevis Ingram	
	Laura Johnson	
	Douglas Olley	
	Emilia Peters	
	Sarah Pickup	
	Jamie Saddler	
Aivaras Statkevicius		
Sam Swift		

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