



**Government**  
Association

# Resources Board

Agenda

Thursday, 14 January 2021  
10.00 am

Online via Zoom

**Resources Board**

14 January 2021

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There will be a meeting of the Resources Board at **10.00 am on Thursday, 14 January 2021** Online via Zoom.

**Political Group meetings:**

The group meetings will take place in advance of the meeting. 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.

<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@local.gov.uk</a>
<b>Labour:</b>	Group Office: 020 7664 3263	email: <a href="mailto:labour.grouplga@local.gov.uk">labour.grouplga@local.gov.uk</a>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.grouplga@local.gov.uk">independent.grouplga@local.gov.uk</a>
<b>Liberal Democrat:</b>	Group Office: 020 7664 3235	email: <a href="mailto:libdem@local.gov.uk">libdem@local.gov.uk</a>

**LGA Contact:**

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**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.

## Resources Board – Membership 2020/2021

Councillor	Authority
<b>Conservative ( 7 )</b>	
Cllr Tim Oliver (Vice Chairman)	Surrey County Council
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
<b>Substitutes</b>	
Cllr Graham Gibbens	Kent County Council
Cllr Andrew Leadbetter	Devon County Council
Cllr David Leaf	Bexley Council
<b>Labour ( 7 )</b>	
Cllr Richard Watts (Chair)	Islington Council
Cllr Sharon Taylor OBE	Stevenage Borough Council
Cllr Bev Craig	Manchester City Council
Cllr Terry Paul	Newham London Borough Council
Cllr Erica Lewis	Lancaster City Council
Cllr Amanda Serjeant	Chesterfield Borough Council
Cllr Peter Marland	Milton Keynes Council
<b>Substitutes</b>	
Cllr Abdul Jabbar MBE	Oldham Metropolitan Borough Council
Cllr Harpreet Uppal	Kirklees Metropolitan Council
Cllr Adam Swersky	Harrow Council
<b>Liberal Democrat ( 2 )</b>	
Cllr Keith House (Deputy Chair)	Eastleigh Borough Council
Cllr Adam Paynter	Cornwall Council
<b>Substitutes</b>	
Cllr Mike Bell	North Somerset Council
<b>Independent ( 2 )</b>	
Cllr Jason Zadrozny (Deputy Chair)	Ashfield District Council
Cllr Phelim MacCafferty	Brighton & Hove City Council
<b>Substitutes</b>	
Cllr James Hakewill	Northamptonshire County Council
Cllr Loic Rich	Cornwall Council

## Agenda

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### Resources Board

Thursday 14 January 2021

10.00 am

Online via Zoom

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**Date of Next Meeting:** Tuesday, 2 March 2021, 2.00 pm, Venue TBC

## 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 17 November 2020. This includes work on the Local Government Finance Settlement 2021/22, the 2020 Comprehensive Spending Review, the Budget 2021 submission, and COVID-19 issues.

### Recommendations

That Members of the Resources Board note this update.

### Action

Officers will proceed with the delivery of the LGA's work on local government finance matters.

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## 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 17 November 2020 including work in response to the COVID-19 pandemic, on the 2020 Spending Review, and the Local Government Finance Settlement.

### Spending Review 2020

2. The Chancellor delivered the [Spending Review](#) (SR) on 25 November 2020 setting out the Government's spending plans and departmental budgets for 2021/22. LGA officers produced an [on the day briefing](#), highlighting the key announcements affecting local government, which was sent to member authorities.
3. Many of the key announcements for local government in the SR were expanded on in the provisional local government finance settlement. Key announcements from the SR affecting local government not covered in the settlement section below included:
  - 3.1 A Levelling Up Fund worth £4 billion allocated through a bidding process, and the UK Shared Prosperity Fund (UKSPF) was confirmed up to an average of £1.5 billion a year.
  - 3.2 A cut in the Public Works Loan Board lending rate of 1% (100 basis points)
  - 3.3 A £1.7 billion investment for local road repairs
  - 3.4 New funding of £151 million to support rough sleepers and those at risk of homelessness during COVID-19

### Public Works Loans Board (PWLB) lending and the Green Book

4. The outcome of the [consultation on PWLB future lending terms](#) was announced alongside the spending review. In [our response to the consultation](#) earlier this year, we highlighted the practical difficulties and unintended consequences that could arise from the proposals.
5. It is welcome that the PWLB rate rise was reversed with effect from 26 November. However, in order to qualify for ordinary PWLB loans, council Finance Directors will be required to certify that there is no intention to buy investment assets primarily for yield at any point in the next three years.
6. The [Debt Management Office](#) (the body that administers the PWLB) have published [more detailed HM Treasury guidance on the new lending arrangements](#). This states that even councils that are planning to buy investment assets primarily for yield will still be able to access PWLB loans for general refinancing purposes, provided that they do not use them to refinance newly acquired investment assets held primarily for yield. We think this will be a helpful flexibility for councils and is a welcome response by HM Treasury to points made by the sector in the consultation on the lending arrangements.
7. Alongside the SR the Government published [a review of the Green Book](#). The [new Green Book](#) introduces changes to the way business cases for projects are appraised. While the process remains mostly centralised, it is good that there will be a new

requirement that business cases should be developed to align with relevant local strategies and major interventions in the area. As part of its inquiry into Spending Review 2020, the Treasury Select Committee will look at the changes made to the Treasury's Green Book, the guidance on how to appraise policies, programmes and projects. An LGA response to the [call for evidence](#) will be drafted and submitted to Resources Lead members for clearance.

### **Provisional 2021/22 Local Government Finance Settlement**

8. On 17 December the Secretary of State delivered the Provisional Local Government Finance Settlement for 2021/22. The [published figures](#) set out details for all local authorities across England. LGA officers produced an [on the day briefing](#) highlighting key information from the settlement which was sent to member authorities.
9. The following were key announcements in the settlement:
  - 9.1 A potential increase of £2.2 billion (4.5%) in core spending power, where over 85% of the potential core funding increase is dependent on increasing council tax by the maximum allowable amount (for social care authorities, this is up to 5%).
  - 9.2 Revenue Support Grant will rise by inflation. While the business rates baseline will not change from 2020/21, councils will be compensated for the business rates freeze.
  - 9.3 New Homes Bonus (included in Core Spending Power) is worth £622 million, and consists of legacy payments from 2018/19 and 2019/20, and the new money for 2021/22, as well as the Affordable Homes Premium across those years. As previously announced, there is no legacy payment in respect of 2020/21.
  - 9.4 The Government published allocations of the £300 million social care grant announced in the Spending Review, with £60 million allocated based on the adult social care relative needs formula and £240 million allocated to equalise for the amount a council can raise via their adult social care precept.
  - 9.5 The improved Better Care Fund and the 2020/21 social care support grant continue at the same level in 2021/22.
  - 9.6 The rural services delivery grant will increase from £81 million in 2020/21 to £85 million in 2021/22. A new Lower Tier Services Grant was introduced worth £111 million and will be allocated to district councils and unitary authorities.
10. The Secretary of State confirmed that the Government will work with the sector and Members across the House to seek a new consensus for broader reforms to local government finance, including the Fair Funding Review and the business rates reset.
11. The settlement included no information on public health funding for 2021/22.
12. Alongside the settlement, the Government confirmed school and early years revenue funding allocations for 2021/22. In the 2020 Spending Review it was announced that the schools' budget will increase by £2.2 billion. The Government has also confirmed that high needs funding will increase by £730 million (10%) for 2021/22. The Government also confirmed an additional £44 million for early years education in 2021/22 to increase the hourly rate paid to childcare providers for the Government's free hours offer.

13. The settlement remains provisional until the Government has concluded the consultation on the proposals in the settlement, the deadline of which is 16 January. Officers shared the response submission with members of the Resources Board on 4 January for comment by 8 January.

### **COVID-19 funding**

#### Latest survey data

14. The MHCLG monthly financial monitoring returns continue to be an important tool in making the case for the financial impact of COVID-19 on local government, particularly as circumstances change. According to the December returns, the total in-year financial pressure projected by councils in 2020/21 due to COVID-19 was estimated to be £9.7 billion (consisting of £6.9 billion of cost pressures and £2.8 billion of non-tax income losses), with a further £2.8 billion of business rates and council tax income losses –these tax losses will impact council budgets in 2021/22.
15. This survey was completed before the announcement of new Tier 4 measures and the increased prevalence of the new COVID-19 strain. It is therefore likely that the financial impact on councils for the rest of the 2020/21 financial year will be more significant than is represented by survey responses above.

#### Local and national restrictions since December

16. Following the national lockdown in November 2020, the Government returned to a local tiered system.
17. The Contain Outbreak Management Fund was extended to provide monthly payments to local authorities in tiers 2, 3, and 4 until the end of the financial year. For those authorities in tiers 3 and 4, this funding will amount to £4 per head of population per month, and for those in tier 2, it will amount to £2 per head of population per month.
18. All businesses in Tiers 2 and 3 which had to close as a result of the new restrictions will be entitled to the mandatory [Local Restrictions Support Grant \(Closed\)](#). This included pubs and bars which must close unless serving substantial meals in Tier 2 areas.
19. This was in addition to the [Local Restrictions Support Grant \(Open\)](#) (which was paused during the latest national lockdown period) which was a discretionary grant distributed to both Tier 2 and Tier 3 areas and based on the number of hospitality, hotel, bed and breakfast and leisure businesses. Councils had discretion as to how to award grant funding to individual businesses.
20. On 1 December 2020 the Prime Minister [announced](#) an additional one-off £1,000 grant for 'wet-led' pubs (those which predominantly serve alcohol rather than provide food) in tiers 2, 3 and 4.



21. On 24 December 2020 the Government published [guidance](#) for areas moving to Tier 4 from 19 December. In addition to Tier 3 business closures covering hospitality, leisure, accommodation and tourism businesses, non-essential retail and beauty services were required to close and Local Restrictions Support Grant (Closed), Local Restrictions Support Grant (Open) and Local Restrictions Support Grant (Sector) was suspended and replaced by Local Restrictions Support Grant (Closed) Addendum (LRSG CA).
22. On 4 January, the Prime Minister announced a further national lockdown. The financial support for local authorities outlined below is up to date at time of writing; a verbal update will be provided to the Resources Board on any further measures announced as a result of the national lockdown.
23. On 5 January, the Chancellor [announced](#) that businesses in the retail, hospitality and leisure sectors are to be given one-off grants worth up to £9,000; this is alongside the LRSG (Closed) Addendum Grant and is to be distributed to the same businesses. A further £500 million is also being made available for Local Authorities in England and £94 million for the Devolved Administrations to support other businesses not eligible for the grants, that might be affected by the restrictions. The new money was due to reach councils towards the end of the week starting 11 January. In a livestream with authorities on 6 January Alok Sharma emphasised the importance of the grants reaching businesses quickly.

#### 2021/22 COVID-19 funding

24. Outside of Core Spending Power for next year, the settlement confirmed further details of the £3 billion of support for COVID-19 pressures in 2021/22 announced in the Spending Review:
  - 24.1 [Allocations](#) of the £1.55 billion of unringfenced funding to meet expenditure pressures announced in the Spending Review, distributed via the COVID-19 Relative Needs Formula.
  - 24.2 Further detail on how losses in scope of the guarantee to compensate for 75 per cent compensation of irrecoverable 2020/21 business rates and council tax losses will be measured
  - 24.3 Proposed methodology to distribute the £670 million to support households least able to afford council tax payments in 2021/22 – illustrative allocations have been published [here](#)
  - 24.4 A continuation of the Sales, Fees, and Charges compensation scheme for the first three months of 2021/22.
25. The Government is consulting on the proposed methodology to distribute the £670 million of support for council tax payments, and the continuation of Sales, Fees, and Charges compensation scheme, with the deadline of 14 January. Officers shared a response to this consultation with members of the Resources Board on 4 January for comment by 8 January.

#### **Budget 2021 submission**

26. On 17 December 2020, the Chancellor announced the Budget for 2021 will take place on 3 March. The deadline for Budget representation submissions is 14 January.

27. The LGA's Budget submission focuses on key topics, including COVID-19, Brexit, economic recovery, jobs, devolution, Spending Review 2021, local government finance reform, adult social care reform, children's social care and education.
28. Given its wide-ranging content that cuts across multiple LGA Boards and very significant time constraints introduced by the Treasury with its deadline, the Budget submission will be signed off by the Chairman and Group Leaders. A final version will be shared with members once it has been published.

### **Audit Issues**

29. In December, we submitted a [response](#) to the Public Sector Audit and Appointments (PSAA) [consultation](#) on proposed new arrangements for determining fee variations for local audits of opted-in bodies from audits of 2020/21 accounts onwards, as agreed by Lead Members of Resources Board.

### **LGA Finance Conference**

30. Our local government finance conference took place online, with two webinars on 7 and 12 January. Each of the webinars attracted over 300 registered delegates. Attendees heard from the Secretary of State for Communities and Local Government on 7 January and the Shadow Secretary of State for Communities and Local Government on 12 January. Presentations from the conference will be shared on the LGA's website.

### **Next steps**

31. Members are asked to note this update.
32. Officers will proceed with the delivery of the LGA's work following the Local Government Finance Settlement, and in advance of the Budget. Officers will continue to work on the response to, and recovery from, COVID-19 as well as wider local government finance matters.

### **Implications for Wales**

33. Information on funding to Welsh local authorities was [published](#) in the provisional Welsh local government finance settlement. 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.

### **Financial Implications**

34. The work related to COVID-19 has been added to the LGA's core programme of work. This unbudgeted spending will be managed within the overall LGA Group funding position which the LGA Board is monitoring.

## **Response of the Government to the Independent Review of Local Authority Financial Reporting and External Audit in England (the “Redmond Review”)**

### **Purpose of report**

To inform members about the response of the Government to the report of the Independent Review of Local Authority Financial Reporting and External Audit in England (the “Redmond Review”), which was published on 17 December 2020.

### **Summary**

This report outlines the main points in the response from the Government to the recommendations in the Redmond Review. Although a lot remains to be finalised, as it currently stands, the Government’s response is largely in line with the views expressed in the LGA’s own response and so can be welcomed. Discussions will continue with the Government and other stakeholders in order to agree a way forward that aims to address the problems with local audit and create a sustainable audit market.

### **Recommendations**

That members Note the contents of the report and the need to continue to engage with MHCLG on the implementation of recommendations and further consideration of system leadership options.

### **Action**

Officers to proceed as directed.

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## **Response of the Government to the Independent Review of Local Authority Financial Reporting and External Audit in England (the “Redmond Review”)**

### **Background**

1. On 17 December the Government published its [response to the Independent Review of Local Authority Financial Reporting and External Audit in England](#) (the “Redmond Review”). The [report of the review](#) had been published on 8 September 2020 and was discussed at Resources Board in September 2020, as well as at the IDeA Board, the LGA Board (for implications for Public Sector Audit Appointments, PSAA), and the Executive Advisory Board. Sir Tony Redmond attended the Executive Advisory Board and the LGA Board, and also an LGA webinar arranged to discuss his report.
2. Following these discussions Resources Board lead members approved the LGA’s [response](#) to the review’s report, which was sent to the Secretary of State on 9<sup>th</sup> November 2020. The LGA’s response acknowledged that the current system was not working as well as it should but that overall the recommendations in the Redmond review would not solve the problems around the robustness in the audit market. Instead the LGA’s response recommended an alternative practical way forward that could be implemented quickly without the need for primary legislation.

### **Government’s response**

3. **Annex A** to this paper shows a summary list of Redmond’s recommendations, MHCLG’s response to them and a commentary on how they align with the LGA’s own response. From this, it can be seen that the Government has taken account of the views of the LGA in its response so far, with similar views on which recommendations it is important to implement immediately and which to reconsider or defer.
4. This is further reinforced by the commentary in the overall response. On the central issue of Redmond’s recommendation to create a new regulatory body, the Office for Local Audit Regulation (which the LGA argued against), the Government has deferred taking a decision and will consider it with a wider range of options for systems leadership. It acknowledges that the creation of a new body would require primary legislation and so cannot progress quickly, which is a point we made in our response.
5. Although a decision has not been made, the Government response outlined its thinking. This includes the statement that it “remains committed to a locally-led audit regime which enables genuine local accountability by residents and taxpayers. We do not wish to recreate the costly, bureaucratic and over-centralised Audit Commission. Furthermore, it is government’s long-standing intention not to create new arms-length bodies. Unless there is an exceptional reason for a new body, government should look to explore other options for delivering new services or functions, and we are not currently persuaded that a new arms-length body is required”.

6. The deferral has a practical implication for PSAA in that a decision has not yet been made on whether PSAA will be asked to carry out the next main audit procurement and this will now not be decided until later in the year.
7. In the response, MHCLG indicates that it intends to consult first on the implementation of most proposals, including those that are to be implemented quickly. We will engage with MHCLG on these and ensure that the LGA responds appropriately.
8. MHCLG has also announced that £15 million is to be allocated to councils in 2021/22 to pay for costs including additional audit fees arising from new financial statements and from additional work from implementing the NAO's new code of audit practice. Currently this is for one year only, in line with all Government spending plans following the one-year spending review. However, these are clearly ongoing costs so we will be seeking confirmation that the intention is for this to be ongoing funding.

#### **Next steps**

9. Members are asked to note the report and the need to continue to engage with MHCLG on the implementation of recommendations and further consideration of system leadership options.
10. Officers will proceed as directed.

#### **Implications for Wales**

11. The review applies to arrangements in England only.

#### **Financial Implications**

12. This is part of the LGA's core programme of work and as such has been budgeted for in 2020/21 core work programme budgets.

## Annex A: Summary of MHCLG’s response to the recommendations made by the Redmond Review

### Action to support immediate market stability (recommendations 5, 6, 8, 10, 11)

#### Recommendation

5. All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority irrespective of seniority.

6. The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.

8. Statute be revised so that audit firms with the requisite capacity, skills and experience are not excluded from bidding for local audit work.

10. The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.

#### MHCLG Response

**Agree;** we will work with key stakeholders to deliver this recommendation.

**Agree;** we will look to revise regulations to enable PSAA to set fees that better reflect the cost to audit firms of undertaking additional work.

**Part agree;** we will work with the FRC and ICAEW to deliver this recommendation, including whether changes to statute are required.

**Part agree;** we will look to extend the deadline to 30 September for publishing audited local authority accounts for two years, and then review.

#### LGA comment based on response

We commented on lack of skills of auditors as perceived by councils as auditees; this was recognised in the Government’s fuller response.

Supported via response to PSAA consultation on fee variations.

See above; we should also point out that PSAA is another body that has a role in this given the link to the specification of the audit contract, although they may only contract with firms that the regulators have approved.

We called for this to be made permanent.

11. The revised deadline for publication of audited local authority accounts be considered in consultation with NHSI(E) and DHSC, given that audit firms use the same auditors on both Local Government and Health final accounts work. **Agree**

Supported

### Consideration of system leadership options (recommendations 1, 2, 3, 7, 13, 17)

#### Recommendation

1. A new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities:

- procurement of local audit contracts
- producing annual reports summarising the state of local audit
- management of local audit contracts
- monitoring and review of local audit performance
- determining the code of local audit practice
- regulating the local audit sector

2. The current roles and responsibilities relating to local audit discharged by the:

- Public Sector Audit Appointments (PSAA)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- FRC/ARGA

#### MHCLG response

**We are considering these recommendations further** and will make a full response by spring 2021.

**We are considering these recommendations further** and will make a full response by spring 2021.

#### LGA comment based on response

We argued that the case against new body is a strong one. Government's fuller response suggests it is not in favour of the new body.

As above, we opposed creation of new body; procurement and contract management should be kept separate from regulation.

**Recommendation**

- The Comptroller and Auditor General (C&AG) to be transferred to the OLAR

3. A Liaison Committee be established comprising key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.

7. That quality be consistent with the highest standards of audit within the revised fee structure. In cases where there are serious or persistent breaches of expected quality standards, OLAR has the scope to apply proportionate sanctions.

13. The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.

17. MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained.

**MHCLG response**

**We are considering these recommendations further** and will make a full response by spring 2021.

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**We are considering these recommendations further** and will make a full response by spring 2021.

**LGA comment based on response**

We supported this liaison committee as the best way of achieving better system leadership quickly.

As above, we are opposed creation of new body.

In our response to the NAO consultation we endorsed these changes, but we also pointed out that any additional costs arising should be dealt with through the new burdens process.

In our response we stated, "The main factor affecting financial resilience is about government funding not keeping pace with the growing financial pressures on councils, not lack of control. The response to resilience should not be about auditors anticipating local democratic decision-making."



**Enhancing the functioning of local audit, and the governance for responding to its findings  
(recommendations 4, 9, 12, 18)**

**Recommendation**

4. The governance arrangements within local authorities be reviewed by local councils with the purpose of:

- an annual report being submitted to Full Council by the external auditor
- consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee
- formalising the facility for the CEO, Monitoring Officer
- Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.

9. External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.

12. The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.

**MHCLG response**

**Agree;** we will work with the LGA, NAO and CIPFA to deliver this recommendation.

**Agree;** we will work with the NAO and CIPFA to deliver this recommendation.

**Agree;** we will work with the LGA, NAO and CIPFA and other key stakeholders to deliver this recommendation, including whether changes to statute are required.

**LGA comment based on response**

In our response we proposed “Extend the use of independent members on Audit Committees while ensuring that committees remain member led, and that Full Council retains its role as having ultimate responsibility for governance”

We did not comment on this directly in our response.

We agree that full council should retain its role as having ultimate responsibility for governance and this was in our response. Further consideration should be given to timing – it may make a lot more sense for the report to go after the auditor has completed their work.

**Recommendation**

18. Key concerns relating to service and financial viability be shared between local auditors and inspectorates including Ofsted, Care Quality Commission and HMICFRS prior to completion of the external auditor's annual report.

**MHCLG response**

**Agree;** we will work with other departments and the NAO to deliver this recommendation.

**LGA comment based on response**

We did not reference this directly in our response but there is also a link here with the LGA's role as the main provider of Service Led Improvement. We will work with MHCLG on this.

**Improving transparency of local authorities' accounts to the public (recommendations 19, 20, 21, 22)**

**Recommendation**

19. A standardised statement of service information and costs be prepared by each authority and be compared with the budget agreed to support the council tax/precept/levy and presented alongside the statutory accounts.

**MHCLG response**

**Agree;** we will look to CIPFA to develop a product through consultation with local government. We will work with CIPFA to deliver this recommendation.

**LGA comment based on response**

Proposals on simpler more transparent forms of accounts should be pursued, while ensuring that simplification does not create extra work for councils and auditors.

20. The standardised statement should be subject to external audit.

**Agree;** we will work with CIPFA, the LGA and the NAO to deliver this recommendation.

As above.

21. The optimum means of communicating such information to council taxpayers/service users be considered by each local authority to ensure access for all sections of the communities.

**Agree;** we will work with the LGA and CIPFA to deliver this recommendation.

As above.

22. CIPFA/LASAAC be required to review the statutory accounts, in the light of the new requirement to prepare the standardised statement, to determine whether there is scope to simplify the presentation of local

**Agree;** we will look to CIPFA to deliver this recommendation.

As above.

**Recommendation**

authority accounts by removing disclosures that may no longer be considered to be necessary.

**MHCLG response**

**LGA comment based on response**

**Action to further consider the functioning of local audit for smaller bodies (recommendations 14, 15, 16, 23)**

**Recommendation**

14. SAAA considers whether the current level of external audit work commissioned for Parish Councils, Parish Meetings and Internal Drainage Boards (IDBs) and Other Smaller Authorities is proportionate to the nature and size of such organisations.

15. SAAA and OLAR examine the current arrangements for increasing audit activities and fees if a body's turnover exceeds £6.5m.

16. SAAA reviews the current arrangements, with auditors, for managing the resource implications for persistent and vexatious complaints against Parish Councils.

23. JPAG be required to review the Annual Governance and Accountability Return (AGAR) prepared by smaller authorities to see if it can be made more transparent to readers. In doing so the following principles should be considered:

- whether "Section 2 – the Accounting Statements"

**MHCLG response**

**Agree;** we will look to SAAA to deliver this recommendation.

**We are considering this recommendation further** and will make a full response by spring 2020.

**Agree;** we will look to SAAA to deliver this recommendation.

**Agree;** we will work to JPAG to deliver this recommendation.

**LGA comment based on response**

We did not refer to this in our response to the report but agreed in this is appropriate our response to the call for evidence.

As above but for SAAA only not OLAR.

As above – appropriate for SAAA to be the body to look at this.

As above.

**Recommendation**

should be moved to the first page of the AGAR so that it is more prominent to readers

- whether budgetary information along with the variance between outturn and budget should be included in the Accounting Statements
- whether the explanation of variances provided by the authority to the auditor should be disclosed in the AGAR as part of the Accounting Statements.

**MHCLG response**

**LGA comment based on response**





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## Note of last Resources Board meeting

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**Title:** Resources Board  
**Date:** Tuesday 17 November 2020  
**Venue:** Via Zoom

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### Attendance

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

### Item Decisions and actions

#### 1 Welcome, Apologies & Declarations of Interest

Cllr Richard Watts (Chair) welcomed members to the meeting and gave a brief reminder of etiquette in online meetings.

There were no declarations of interest.

Cllr Tim Oliver (Vice-Chairman) proposed an additional meeting of the Board in January 2021 to discuss the outcome of the Spending Review and work around the EU Exit. Nicola Morton (Head of Programme, Local Government Finance) explained that the current meeting schedule is planned to meet workflows but noted that a January meeting should be achievable. The Chair suggested that while there was an agreement in principle for an additional meeting, Lead Members and officers should discuss the practicality of such.

#### Action

Officers to coordinate a meeting of the Board in January 2021.

#### 2 Business Plan 2019/22 - 2020 Review & Update

The Chair explained that the LGA has re-focused its Business Plan in light of new priorities thrown up by the ongoing COVID pandemic and noted that many of these had been reflected in the Work Programme presented at the previous meeting in September 2020.

The following comments were raised by members of the Board:

- It was suggested that the Plan should be amended to include specific work around the local leadership on the Shared Prosperity Fund as well as Child Poverty & Hunger. Sarah Pickup (Deputy Chief Executive, LGA) said that this work could be picked up when the plan is next updated.
- There was also a call to ensure the Plan reflected the full spectrum of Government Departments the LGA lobbies on funding for Local Government. Sarah explained that while the paper was not explicit on this matter the LGA works across Government.

- Members welcomed the inclusion of Sustainability as a key priority in the Plan. Further lobbying was recommended to enable local authorities' greater discretion to work towards decarbonisation.

**Decision**

The members of the Resources Board noted the Business Plan.

**Action**

Officers to proceed with delivery of Business Plan in line with members comments.

**3 Local Government Finance Update**

The Chair invited Nicola Morton (Head of Programme, Local Government Finance) to discuss the update paper and recent activity. Nicola raised the following points in her update;

- In advance of the second national lockdown the Government announced the Contain Outbreak Management Fund to provide £8 per head funding to local authorities.
- Further business support initiatives have been announced in the Business Closure and Business Support Grants.
- The Government has published the Tranche 4 funding allocation and methodology.
- The Comprehensive Spending Review was due to be published on 25/11/20. Although the LGA's submission was made on a Three-Year basis, the points presented remain relevant to the One-Year settlement to be announced. Lobbying efforts are continuing through Parliament, the media and contacts in Government departments.
- On the Redmond Review, Nicola explained that a letter outlining the feedback of the Board has been sent to MHCLG.

In the subsequent discussion the following points were raised by members;

- Members noted concerns with the Government's decision to set a further One-Year Spending Review for Local Government. It was noted that continued delays to a multi-year settlement have exacerbated challenges around setting balanced budgets for local authorities.
- Members stressed that the LGA must continue to push for a multi-year settlement in future reviews.
- It was suggested that the fragmentation of funding further inhibited the budget setting process.
- Concerns were highlighted with the resourcing for local testing programmes and the introduction of Lateral Flow testing and community immunisation. It was argued that limited resources would prevent effective service delivery. Sarah explained that costs of mass testing and immunisation are being discussed at length by the Group Leaders.

- Arrangements around the distribution of the Contain Outbreak Management Fund were questioned. It was urged that a clear formula is needed to guarantee fair distribution.

**Decision**

The members of the Resources Board noted the report.

**Action**

Officers to proceed in line with comments from members.

**4 Welfare Reform Update**

The Chair invited Rose Doran (Senior Adviser, Children & Young People) to provide a verbal update on recent work. Rose raised the following points in her update:

- Moving forward the item name will be changed to “Support for Low Income Households”.
- The Self-Isolation Payment was announced on 20<sup>th</sup> September, with a three week period for district and unitary authorities to implement. In addition to the core funding for those meeting all the eligibility criteria, a Discretionary Fund of £10 million was announced. Significant variation in levels of demand across the country, which DHSC are analysing to ensure funds are used most effectively. We continue to lobby for additional funding for the discretionary support where needed.
- The Winter Support Grant was announced on 8<sup>th</sup> November, linked to the ongoing Free School Meals campaigns and £63 million made available during the summer. WSG consists of additional monies for helping people with food and other essentials. It was announced alongside additional funding for the holiday activities fund and for Healthy Start Vouchers from April 2021. Total of £170 million committed to WSG, however concerns were noted around the capacity for local authorities to make the most effective use of the funds before the end of March 2021.
- Rose requested a specific steer from members on how to proceed with lobbying with a view to help develop improved systems, enhanced resilience and tackle long-term underlying drivers of hunger and poverty.

In the subsequent discussion the following points were raised by members:

- While the introduction of the WSG was welcomed, it was noted that the funding would not extend to the 2021 School Summer Holiday. As such it was suggested that further lobbying to secure dedicated funding would be needed shortly.
- A member noted that there had been significant local increases in both rent arrears (in private & social properties) and fuel poverty. Argued that the steps taken so far by the Government were not providing support to vulnerable groups being disproportionately

affected. Rose added that the Government focus on food provision has somewhat disregarded underlying factors such as housing affordability.

- Concerns were raised that under Government guidance the Self Isolation Payment Discretionary Fund has not been extended to non-UK nationals due to changes in the rules around recourse to public funds. Rose explained that work is taking place across the LGA on people without Recourse to Public Funds and that a nuanced approach is necessary.
- The short-term £20 increase to the basic rate of Universal Credit was noted as a vital piece of support. Recommended that the LGA should lobby for a permanent increase. Rose explained that work is already ongoing around Universal Credit as well as other welfare payments.
- The publication of the interim report on the National Food Strategy was highlighted as a guide for developing work on food poverty and Free School Meals. Rose explained that the LGA's work on the NFS is being coordinated by the Children & Young People Board and that officers are in regular contact with a range of stakeholders including the Food Foundation.

#### **Decision**

The members of the Resources Board noted the report.

### **5 Reshaping Financial Support Programme**

The Chair invited Rose Doran (Senior Adviser) to introduce the Reshaping Financial Support programme. Rose noted that the aim is to support councils in the provision of help and services to households at risk of financial hardship and requested a specific steer from members on developing the Memorandum of Understanding with MHCLG.

Rose introduced Gareth Evans and Matt Earnshaw from the Financial Inclusion Centre to present on the Programme. In the presentation the following points were raised;

- Work conducted so far has been heavily influenced by the input of local authorities.
- Matt gave an overview of the Financial Hardship Demand Dashboard which arose out of discussions with authorities on tracking the impact of the COVID pandemic on deprivation and assist in system design.
- The Dashboard collates data sets from local authorities on deprivation, poverty, employment, housing need and financial vulnerability. Enables wider and faster access to data that is often assessed in isolation.
- The Dashboard has been made available through the LG Inform portal, allowing authorities to access consistent data sets on a national, regional and local level.

- Gareth discussed the consultancy work taking place with participating authorities. This included;
  - o Ethical debt collection with Leeds City Council
  - o Collaboration on service delivery for Brighton & Hove Council
  - o Engagement with cross departmental budgeting and income maximisation tools with the Royal Borough of Greenwich
- A more in-depth case study was presented on a Community Banking programme with Borough of Barking & Dagenham.
- Research identified a gap in provision for access to affordable credit, with the Borough ranking extremely low on the Good Credit Index. Such has led to circa 6000 households per year accessing subprime credit arrangements.
- Funds put forward by the Council and the LGA to provide affordable credit to low-income households has had a significant in the Borough; £2.4m financial gains for households and a £1.7 M boost for the local economy over three years.
- The next steps were outlined as an in-depth evaluation of the case studies to understand the long-term and system wide benefits of early intervention on financial hardship.
- Rose gave an overview of funding model used using funds from the MHCLG MoU grant alongside funding leveraged from partner organisations.
- Specific comments were requested on how to advance discussions with MHCLG and develop a focus on helping low credit areas from the COVID pandemic through the provision of affordable credit.

The Chair thanked Gareth and Matt for their time. The following comments were raised by members in the subsequent discussion:

- A question was raised on whether additional best practice examples could be shared from Board members. Gareth welcomed any additional examples.
- Energy Clubs were recommended as an area for further development as a means to tackle fuel poverty.
- It was noted that money spent by local authorities to support local services such as legal centres and credit unions, has a sizeable impact in local economies.

The Chair summarised, noting that the number of financially vulnerable residents is expected to rise and with proactive steps needed to provide support. The potential returns on investment illustrated by the RFS programme, show the importance of a efficiently managed local authority support funds.

#### **Decision**

The members of the Resources Board noted the update.

#### **Action**

Officers to proceed in line with members comments.

## 6 Workforce Update

The Chair invited Naomi Cooke (Head of Workforce) and Jeff Houston (Head of Pensions) to provide an overview of recent activity. In their update Naomi and Jeff raised the following points:

- Naomi noted the Environmental Health Together programme launched on 30<sup>th</sup> October with 144 applicants seen to date. Since opening to Councils on 9<sup>th</sup> November, 21 local authorities have joined.
- Return to Work programme has been expanded into ICT and planning sectors. Both aspects of the programme have far exceeded initial targets for engagement with applicants and authorities.
- Schools are facing a major capacity challenge with staff resource stretched due to social distancing regulations and successive year groups isolating.
- Staff resilience is being flagged by local authorities as a significant issue, following an extended period of working at high-intensity.
- Jeff outlined ongoing work on public sector exit payments. Four judicial reviews are being brought against the legislation, with the LGA potentially named as an interested party in three of these.
- Due to implementation of the exit cap before changes to the Pension Regulations there is a deal of legal uncertainty for local authorities, through which the LGA is attempting to find the lowest risk way forward.
- A meeting is being held with the Pension Ombudsman to discuss key issues.

The Chairman invited Cllr Sharon Taylor (Equalities Champion, Resources Board) to update on equality, diversity and inclusion activity:

- Participated in a Difference & Inclusion webinar on 21st September.
- Has met with officers to discuss and plan work for the year ahead in line the LGA's priorities as laid out in the Business Plan.

### **Decision**

The members of the Resources Board noted the report.

## 7 EU Funding Update

The Chair invited Paul Green (Adviser) to discuss recent developments and work around EU Funding. In his update, Paul noted the following points:

- Lobbying has continued on the UK Shared Prosperity Fund to create a council and combined authority led fund based on local needs and outcomes, and aligned to other funding streams.

- The UKSPF continues to be a standing item on the Local Government Delivery Board agenda with MHCLG. LGA has pushed for additional information to be published on this topic ahead of the Spending Review.
- Concerns around the allocation and spending of several existing funds. The European Social Fund Social Fund has seen significant delays due to the administrative approach followed by the Department for Work & Pension. Assurances from DWP that backlog would be cleared have not been fully delivered but progress is being made. In response, the LGA and stakeholders on EU Committees have called an extraordinary Performance & Dispute Resolution National Sub-Committee for DWP to set out a plan of action. A working group to review the remaining ESF allocation will commence in the new year
- Potential for additional ERDF monies to be made available for use supporting businesses. Requested for a steer from members on how this should be allocated.

**Decision**

The members of the Resources Board noted the update.

**8 Note of the previous meeting held on 15th September 2020**

The Chair asked the members of the Board to approve the note of the previous meeting as an accurate record.

**Decision**

The members of the Resources Board approved the note of the meeting on 15<sup>th</sup> September 2020 as an accurate record.

**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 Peter Jackson	Northumberland Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Richard Wenham	Central Bedfordshire Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Terry Paul	Newham London Borough Council
	Cllr Amanda Serjeant	Chesterfield Borough Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Bev Craig	Manchester City Council
	Cllr Adam Paynter	Cornwall Council
	Cllr Phelim MacCafferty	Brighton & Hove City Council

Apologies

Cllr Erica Lewis

Lancaster City Council