Resources Board

Agenda

Thursday, 22 September 2022
2.00 pm

Hybrid Meeting - 18 Smith Square and
Online

There will be a meeting of the Resources Board at **2.00 pm on Thursday, 22 September 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.

Please see guidance for Members and Visitors to 18 Smith Square here

Catering and Refreshments:
If the meeting is scheduled to take place at lunchtime, a sandwich lunch will be available.

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.

Resources Board – Membership

[Click here for accessible information on membership]

Councillor	Authority
Conservative (7)	
Cllr Richard Wenham (Vice Chairman)	Central Bedfordshire Council
Cllr David Leaf	Bexley 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 Steve Count	Cambridgeshire County Council
Cllr Jonathan Smale	Derby City Council
Labour (7)	
Cllr Andrew Western (Chair)	Trafford Metropolitan Borough Council
Cllr James Lewis	Leeds City Council
Cllr Cathy Mitchell	Warrington Borough Council
Cllr Ed Turner	Oxford City Council
Cllr Peter Mason	Ealing Council
Cllr Shama Tatler	Brent Council
Cllr Terry Paul	Newham London Borough Council
Substitutes	
Cllr Abdul Jabbar MBE	Oldham Metropolitan Borough Council
Cllr Stephanie Cryan	Southwark 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 James Hakewill	North Northamptonshire Council
Cllr Zoe Nicholson	Lewes District Council
Cllr Nicola Dillon Jones	North Kesteven District Council

Agenda

Resources Board

Thursday, 22 September 2022

2.00 pm

Hybrid Meeting - 18 Smith Square and Online

Date of Next Meeting: Tuesday, 15 November 2022, 2.00 pm, Hybrid Meeting - 18 Smith Square and Online

Meeting: Resources Board

Date: 22 September 2022

Resources Board 2022/23: Terms of Reference, Membership and Appointments to Outside Bodies

Purpose of report

For decision

Summary

This report sets out how the Resources Board operate and how the LGA works to support the objectives and work of its member authorities.

Recommendation/s

Members of the Resources Board are asked to:

1. Note the membership of the Board for 2022/23 (**Appendix A**)
2. Agree the Board's Terms of Reference for 2022/23 (**Appendix B**)
3. Note the Board meeting dates for 2022/23 (**Appendix C**)

Contact details

Contact officer: Emilia Peters

Position: Member Services Officer

Phone no: 0777 668 0346

Email: emilia.peters@local.gov.uk

Appendix A

Resources Board – Membership 2022/23

Available in an accessible form here.

Councillor	Authority
Conservative (7)	
Cllr Richard Wenham	Central Bedfordshire
Cllr David Leaf	Bexley 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	Nortfolk County Council
Cllr Steve Count	Cambridgeshire Council Council
Cllr Jonathan Smale	Derby City Council
Labour (7)	
Cllr Andrew Western	Trafford Metropolitan Borough Council
Cllr James Lewis	Leeds City Council
Cllr Cathy Mitchell	Warrington Borough Council
Cllr Ed Turner	Oxford City Council
Cllr Peter Mason	Ealing Council
Cllr Shama Tatler	Brent Council
Cllr Terry Paul	Newham London Borough Council
Substitutes	
Cllr Abdul Jabbar MBE	Oldham Metropolitan Borough Council
Cllr Stephanie Cryan	Southwark Council
Cllr Kate Groucutt	St Helens Metropolitan Borough Council
Liberal Democrat (2)	
Cllr Keith House	Eastleigh Borough Council
Cllr Richard Kemp CBE	Liverpool City Council
Substitutes	
Cllr Michael Headley	Bedford Borough Council
Independent (2)	
Cllr Jason Zadrozny	Ashfield District Council
Cllr Phelim Mac Cafferty	Brighton and Hove City Council
Substitutes	
Cllr James Hakewill	North Northamptonshire Council
Cllr Zoe Nicholson	Lewes District Council
Cllr Nicola Dillon Jones	North Kesteven District Council

Appendix B

Terms of Reference

Purpose of Committee: Resources Board

1. The LGA's Resources Board will shape and develop the Association's policies and programmes in line with the LGA priorities in relation to: Local Government Finance; Welfare Reform; EU Funding and Workforce issues.

Specific responsibilities

2. Local Government Finance: issues relating to the financing of local government expenditure. The Chair of the Resources Board also chairs the LGA's Task and Finish Group on Business Rates Retention and the Fair Funding Review
3. Support for Low Income Families: issues relating to welfare reform.
4. Workforce Issues: including pay and reward; productivity; pensions; the role and responsibilities of the employers the LGA represent; workforce development; equalities; and other strategic workforce challenges.
5. For information on the latest activities of the Board, you can view the Chair's regular reports to Councillors' Forum.

Operational accountabilities

6. Boards will seek to involve councillors in supporting the delivery of these priorities (through task groups, Special Interest Groups (SIGs), regional networks and other means of wider engagement); essentially operating as the centre of a network connecting to all councils and drawing on the expertise of key advisors from the sector.
7. The Resources Board will be responsible for:

   7.1 Ensuring the priorities of councils are fed into the business planning process.

   7.2 Developing a work programme to deliver their brief, covering lobbying, campaigns, research, improvement support and events and linking with other boards where appropriate.

   7.3 Sharing good practice and ideas to stimulate innovation and improvement.

   7.4 Representing and lobbying on behalf of the LGA, including making public statements on its areas of responsibility.

   7.6 Building and maintaining relationships with key stakeholders.

   7.6 Involving representatives from councils in its work, through task groups, Commissions, SIGs, regional networks, and mechanisms.

7.7 Responding to specific issues referred to the Board by one or more member councils or groupings of councils.

7.8 Providing views, as appropriate, to inform the decision-making responsibilities of the national negotiating committees and the Local Government Pension Committee.

8. The Resources Board may:

8.1 Appoint members to relevant outside bodies in accordance with the Political Conventions.

8.2 Appoint member champions from the Board to lead on key issues.

Quorum

9. One third of the members, provided that representatives of at least 2 political groups represented on the body are present.

Political Composition

- Conservative group 7 members
- Labour group: 7 members
- Liberal Democrat group: 2 members
- Independent group: 2 members

10. Substitute members from each political group may also be appointed.

Frequency per year

11. Meetings to be five times per annum.

Reporting Accountabilities

12. The LGA Executive provides oversight of the Board. The Board may report periodically to the LGA Executive as required and will submit an annual report to the Executive Advisory Board meeting in July.

Appendix C

Meeting Dates 2022/23

Thursday 22 September 2022, 2pm – 4pm, Hybrid

Tuesday 15 November 2022, 2pm – 4pm, Hybrid

Tuesday 28 February 2023, 2pm – 4pm, Hybrid

Wednesday 10 May 2023, 2pm – 4pm, Hybrid

Wednesday 12 July 2023, 2pm – 4pm, Hybrid

Resources Board

22 September 2022

Resources Board Priorities and Work Programme 2022/23

Purpose of report

For information.

Summary

This report provides an overview of priorities for the 2022/23 Resources Board meeting cycle.

Recommendation/s

Members are invited to note the proposed priority areas for 2022/23.

Action

Officers to action as appropriate in line with members comments and steers.

Contact officer:	Sarah Pickup
Position:	Deputy Chief Executive
Phone no:	0207 664 3109
Email:	Sarah.pickup@local.gov.uk

Resources Board

22 September 2022

Resources Board Priorities and Work Programme 2022/23

Background

1. The LGA's Resources Board shapes and develops the association's policies and programs in relation to Local Government Finance, Support for Low Income Households; and Workforce Issues.

2. Members are asked to consider possible areas of work for 2022/23.

Local Government Finance Priorities for 2022/23

Council Funding

3. Continue to work on estimating the pressures on all services and press for funding that reflects current and future demand, particularly for housing, homelessness, adult social care and children's services, lobbying Government to provide sustainable funding to meet these needs.

4. Work with local and central government on a system of local government funding that supports long-term planning, is evidence-based, simpler and more transparent with appropriate transition mechanisms.

Locally raised resources

5. Press for freedoms that lead to greater local financial autonomy with a view to achieving local control over both council tax and business rates.

6. Lobby for improvements to business rates to help tackle business rates avoidance and develop proposals to improve the system, including valuation and the appeals process.

7. Consider potential work on new local taxes, reform of existing local taxes and control over fees and changes to fully recover costs.

Capital investment

8. Further develop policy on capital financing and investing and contribute to national reviews in these areas so that they support and enable prudent investment and financial management.

9. Contribute to reviews of the accounting and financial regulatory framework for councils to ensure it is appropriate, not over restrictive and balanced with local freedom and accountability.

Pensions

10. We will continue to support councils in their role as LGPS administering authorities to meet new statutory requirements on climate change risk and reporting, with regard to the investment strategy of the pension fund and considering integration of those strategies with local climate policies.

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11. We will work to amend the Boycotts, Disinvestment and Sanctions Bill, once introduced, to maintain the ability of councils to make unfettered investment decisions.

12. We will continue to work with CIPFA to support councils in their role as LGPS administering authorities to find ways to ease delays signing off full council accounts which impact on and delay the publication of otherwise finalised pension fund accounts.

Workforce Priorities for 2022/23

13. Some of the workforce priorities stem from the DLUHC Grant Determination Letter, others relate to direct grant programmes undertaken with government departments. Workforce also has some income generation objectives and provides additional support to the LGA's policy agenda.

14. The workforce offer set out in the DLUHC Grant Letter will involve management of national pay negotiations on behalf of all relevant employers relating to the 2022 pay award and taking forward 2023 negotiations, with join circulars on relevant issues agreed with Unions.

15. This offer will also support councils to build skills, enhance capacity, address challenges, including issues relating to retention, recruitment and new ways of working, including workforce planning. All councils will be able to benefit from individual support and advice on mediation, investigation, employment law issues and HR matters.

16. The 2022-23 programme consists of three parts. The 'Supporting Workforce' offer will deliver:

    16.1. Apprenticeship Support, including a programme of general advice and guidance, a webinar programme, updates and expansions of the LGA guidance notes and toolkits.

    16.2. Targeted workforce support or advice, including bespoke support around workforce planning, provided to at least 50 councils (including intensive support for 10) receiving positive satisfaction ratings.

    16.3. Work to support the development of local government workforce capacity, including on recruitment and retention issues and employee engagement.

    16.4. Specialist HR and employment law advice, as well as mediation and investigation support, carried out as part of the Joint Negotiating Committee procedure; and promoting, researching and supporting councils' internal equalities, diversity and inclusion work.

    16.5. Provision of key workforce information, including FAQs, guides, workforce bulletins to deliver guidance and information regarding key local government workforce developments.

17. The 'National Collective Bargaining and Industrial Relations' offer will deliver:

17.1. The LGA continuing to manage collective bargaining on behalf of the local government sector.

17.2. The LGA will continue to provide the secretariat and officer function (providing advice, research and stakeholder management) for National Employers in the various collective bargaining units within the local government workforce (local government services, LG chief officers, LG chief executives, craft workers, firefighters, fire brigade managers, police staff, coroners, Soulbury, youth and community staff).

17.3. Additionally, activity will involve renegotiating the core National Joint Council pay spine to ensure compliance with the National Living Wage and provide consequential implementation support to councils impacted by the changes.

18. The 'Equality, Diversity and Inclusion' offer will deliver:

18.1. Targeted and updated resources, information guides, webinars and additional support to develop the knowledge base and the application of equalities duties among councils. This support will include an expanded EDI hub, guidance on the Public Sector Equality Duty, equality action plans and service design that embeds equalities.

18.2. Action learning sets for councils around the co-design of policies and services, including how they substantially integrate equalities considerations within these processes.

19. We will continue to support councils in the implementation of the McCloud age discrimination remedy into public service pension schemes.

20. We will continue to engage with HMT and DLUHC to ensure that the return of exit cap legislation provides the appropriate flexibly for employers in workforce reorganisations.

Support for Low Income Households Priorities for 2022/23

Cost of Living Pressures

21. Support collaboration across the LGA, Government, councils and the wider sector to help councils to deliver fair, efficient and effective support for households affected by the significant rise in the cost of living

22. Engage with other LGA Boards to develop a cross-cutting approach to financial resilience and wellbeing beyond the welfare system and financial services / support. Examples include: fuel efficiency and retrofitting; housing affordability; local economic strategies and recovery; devolution of employment and skills; health disparities; children's wellbeing and attainment; money and mental health; access to healthy affordable food - local food partnerships and environmental sustainability

23. Member collaboration and advice to link to delivery of improvement support on key areas including local welfare delivery and debt management / recovery
24. Strengthen the collection, use and sharing of data to understand and address impacts on particular groups
25. Integrate with wider LGA work on integrating 'lived experience' into service design and delivery, for example through the use of poverty truth commissions or similar

Welfare delivery

26. Ensure councils can collaborate effectively and share views with the Department for Work and Pensions on the continued implementation of Universal Credit, in particular the move of long-standing legacy claimants via 'Move to UC'
27. Continue to press for long-term, flexible and adequate funding for local welfare support, with an emphasis on building resilience to reduce demand for crisis support in the longer-term

Fair and effective debt management

28. Development of a 'debt maturity model' to enable councils to benchmark and identify areas for development, collaboration and improvement, with a particular emphasis on supporting households impacted by the pandemic and the rising cost of living

Implications for Wales

29. We will continue to work with the Welsh LGA to share good practice and information.

Implications for Equalities

30. …

Financial Implications

31. There are no immediate financial implications

Next steps

32. The Resources Board will discuss and agree the 2022/23 work programme during its first meeting of the new cycle 22 September 2022.

LGA Resources Board

23 September 2022

Digitalising Business Rates: Connecting business rates and tax data

Purpose of report

For decision

Summary

This report introduces the HM Revenues and Customs consultation on digitalising business rates which closes on 30 September 2022 and presents a suggested response from the LGA for your consideration.

Recommendation/s

That members comment or provide any amendments to the LGA response in Annex A and agree that it be submitted to HMRC as the LGA response.

Contact details

Contact officer: Mike Heiser

Position: Senior Adviser (Local Government Finance)

Phone no: 020 7664 3265

Email: mike.heiser@local.gov.uk

Digitalising Business Rates: connecting business rates and tax data

Background

1. In reforms first outlined at Budget 2016 and reaffirmed in the Final Report of the Business Rates Review in October 2021, the Government stated that 'modernisation and digitisation, as well as how data can be used to improve administration of relief where feasible, would be an effective way to support firms to navigate the business rates system'; with DBR (digitalising business rates) representing a major step towards modernisation of the business rates system.

2. Following engagement with the sector, including the LGA, HMRC published a consultation on 20 July 2022. This contains proposals to:

    - link business rates information (held by billing authorities (BAs) to tax records (held by HMRC).
    - enabling businesses to view a copy of business rates billing information for all their non-domestic properties in England in one place, alongside other tax information.

3. The consultation does not consider any wider reform of the business rates system, although it is noted that the data provided by DBR once it has been delivered may enable future reform of reliefs. In the consultation paper the Government confirms that DBR will not impact the rates retention process or change any funding model and local government will remain responsible for business rates billing, relief administration and collection.

Summary of consultation and proposals

4. The Government wants ratepayers to have access to business rates data alongside other business tax information. For this, it is necessary to link business rates accounts to other tax data.

5. The Government is considering ways of automating opportunities to match data. Three options are described in the consultation paper.

    - Option A – the Government's favoured option - requesting information as part of the forthcoming duty to supply information to the Valuation Office Agency (VOA).
    - Option B - Requesting ratepayers provide tax reference information to their Billing Authority (BA) who would then would then pass this to HMRC. This is considered by the Government to be the most costly and complex to deliver.

- Option C – Requiring ratepayers to log on to HMRC's online services. This option would be likely to involve the most extra work for ratepayers.

6. The Government is also seeking views on how frequently information should be updated, how DBR could assist with the administration and targeting of business rates reliefs, and compliance with DBR.

Proposed LGA response

7. The proposed LGA response is attached at Annex A. In summary:
   - The LGA supports the digitalisation of business rates (DBR) in principle and welcomes the commitment that DBR will not materially alter the established roles and responsibilities of different parts of government within the business rates system
   - We raise concerns about compliance with and the avoidance of business rates and we call for the Government to tighten up on these.
   - We agree the Option A is the best way for information to be provided.

Implications for Wales

8. The consultation applies to England but there is a question on extending the arrangements to Wales. Welsh local authorities and the Welsh Local Government Association (WLGA) will be best placed to answer this question although we will liaise with the Welsh Local Government Association on this.

Financial Implications

9. The work outlined in this report will be contained within the core budget of the LGA.

Equalities implications

10. The consultation paper states that it is not anticipated that there will be disproportionate impacts for those in groups sharing protected characteristics and that equality impacts will be further considered following the consultation. HMRC will consider alternative provisions for those who are digitally excluded or need digital assistance.

Next steps

11. Officers will submit the response as approved by members to HMRC and continue to engage with HMRC, the VOA and DLUHC on the implementation of the policy. Further updates will be brought to your Board when appropriate.

Annex A: Digitalising Business Rates - connecting business rates and tax data - LGA response

Local Government Association

Submission

Digitalising Business Rates - connecting business rates and tax data
September 2022

1. The Local Government Association (LGA) is here to support, promote and improve local government. We will fight local government's corner and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services.

2. This response has been agreed by the LGA Resources Board.

Introduction

3. The LGA supports the digitalisation of business rates (DBR) in principle and we have been participating in the officer level working party convened by HMRC to discuss this. In our submission to the Call for Evidence for the Business Rates Review we supported a centralised online system on the proviso that it did not change the billing authority's responsibility for the collection of business rates. We welcome the commitment in the consultation paper that DBR will not materially alter the established roles and responsibilities of different parts of government within the business rates system and that, in particular, billing authorities (BAs) will remain responsible for the administration of business rates, including billing, collection, and enforcement, and making decisions on the award of relief to businesses.

4. We are concerned about compliance with and avoidance of business rates. We carried out a survey in July 2019 which found that the main methods of avoidance are repeated short-term occupation to qualify for periods of empty property relief, misuse of charitable relief for avoidance purposes, misuse of the insolvency exemptions, dividing properties in order to claim small business rates relief. In our submission to the Call for Evidence for the Business Review we called on the Government to tighten up on the abuse of reliefs on the same lines as in Wales and Scotland. This would mean giving billing authorities new powers to crack down on avoidance. We do see digitalisation as a tool for compliance but we still consider that councils need more powers.

5. Our answers to the questions are set out chapter by chapter. We have not answered questions which are directed to ratepayers and agents only.

Chapter 2 questions

Question 1: How would Welsh Local Authorities, ratepayers, agents and broader stakeholders feel about the possibility of DBR being extended to Wales?

6. Welsh local authorities and the Welsh Local Government Association will be best placed to answer this question.

Chapter 3 questions

Question 2: Do ratepayers know/can they find their SA/Partnership/CT UTR and VRN? If not, what would make this easier?

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Local Government Association company number 11177145
Improvement and Development Agency for Local Government company number 03675577

Question 3: Where ratepayers do not have one of these reference numbers, would identifying themselves as a taxpayer by providing a National Insurance Number or Company Reference Number cause any issues for them? If so, what are they?

7. Ratepayers will be best placed to answer these questions.

Question 4: If ratepayers alternatively needed to provide property reference numbers, would it be easier for them to provide a) a Billing Authority (BA) reference number plus BA name b) a BA reference number plus 4-digit BA code, or c) a Unique Property Reference Number?

8. Ratepayers will be best placed to answer this question and billing authorities will be able to explain the relationship between the different property reference numbers.

Question 5: Are there scenarios where ratepayers might not have any relevant reference number? Including where a ratepayer may not be registered for tax purposes? If so, what are they?

9. The consultation mentions three such scenarios where an occupier may be liable for business rates but will not be a business taxpayer; new businesses, non UK residents and occupiers of properties such as beach huts, stables or garages. As mentioned in the answer to the following question, liability for business rates and other business taxes is not necessary the same so there are likely to be others.

Question 6: Are there scenarios where a person or entity's identity in the tax system (with one tax reference number) may not precisely align with their legal responsibility as a ratepayer? EG, where multiple ratepayers share the same tax reference number, or multiple entities for tax purposes share one responsible legal identity in a business rates context?

10. Yes, the key issue is that liability for business rates, which derives from occupation or, in the case of empty properties, entitlement to possession, is not necessarily the same as liability for other business taxes such as VAT or Corporation Tax, where liability is derived differently. Our understanding is that tax reference numbers are unique, but that in the case of joint and several liability, all persons who have an equal interest in the property are jointly and severally liable and that this may not be identical to liability for other business taxes where the liable body is an entity such as a limited company.

Question 7: When might a taxpayer reference that is associated with a property portfolio under DBR change? (eg, registration for self-assessment, incorporation or disincorporation, VAT-registration or de-registration, mergers and acquisitions). Are there scenarios where the new reference number might not precisely assume the property portfolio associated with the previous number?

11. Unique property reference numbers and account numbers for business rates may change with splits and mergers of property.

Chapter 4 questions

Question 8: In which type of customer journey would it be easiest to provide your reference number(s) (option A, B or C) and why? Would any of the options be particularly difficult?

12. For reasons explained below, we agree that option A is the lead option. The new ratepayer duty to provide information does provide an opportunity to implement DBR. The forthcoming Non-Domestic Rating Bill should provide an opportunity for HMRC, the VOA and organisations representing billing authorities to work together on the detailed processes after the publication and introduction of the Bill. It is not clear at this stage when the duty will be introduced; we understand that the VOA is working on a timetable which would see it launched during the 2023 rating list. If there is a ‘soft’ launch, data may not be available from all ratepayers immediately and full implementation of DBR may have to wait until the duty is fully rolled out. We go into more details about the challenges posed by options B and C in our answers to question 9 and 10 below.

Question 9: What are the main challenges presented with each ‘data in’ option and how could they be addressed?

13. Each option has challenges. The challenge of option A is the fact that the legislation governing the new duty has not yet been introduced and the process has not been designed in detail, as well as plans to roll it out gradually. Option B would require every billing authority (BA) to collect a tax reference from ratepayers; this would be a new burden and we would expect the New Burdens process to apply. It might be particularly challenging for those recipients of 100 per cent small business rates relief. Option C would rely on taxpayers using a service such as self-assessment; it is not necessarily the case that all taxpayers will engage with HMRC in this way. As the consultation says; not all business taxpayers are liable for business rates so all businesses would have to be in scope whether they are business ratepayers or not.

Question 10: Under option B – what process would be best for ratepayers (or their agent) to provide their tax references to Billing Authorities and why? Or would a standalone process be preferable?

14. Under option B billing authorities would be required to obtain information from ratepayers. As the document says, this could be done when new ratepayers register for business rates but this would not cover existing ratepayers. It would require either a new process or for more information to be collected at the same time as annual billing. In either case, as stated above, it would be a new burden and should be funded.

Question 11: Under option C – what process would be best for ratepayers (for their agent) to provide their property references to HMRC and why? Or would a standalone process be preferable?

Question 12: To what extent would ratepayers expect to log in themselves to provide tax or business rates information with a single set of verified credentials (rather than setting up multiple credentials or using an agent)?

15. Ratepayers will be best placed to answer these questions.

Question 13: Other than those outlined in this document, are there any options for how DBR might collect data to enable matching of taxpayer and ratepayer information that would work better to achieve the policy aims?

16. We cannot think of any other options at this time.

Question 14: What processes might ratepayers (or their agents) have to put in place to meet their obligations under each option and what costs might this bring?

17. Ratepayers will be best placed to answer the question.

Question 15: How much might you expect it to it cost BAs to upgrade systems to export billing information to HMRC? Please provide the evidence or assumptions that support your estimate. This will help inform new burdens funding estimates.

18. We welcome the recognition that DBR will lead to costs for BAs which would be covered following a New Burdens assessment. There are likely to be costs to councils from each of the options, for example the need to deal with mismatches due to data being entered slightly differently. The responses to this question will be very useful in scoping a future new burdens assessment but should not replace a proper assessment.

Chapter 5 questions

Question 16: Would you use a service that allows you to view business rates information for all your properties across England in one place, alongside other HMRC tax liabilities? Yes/No

If yes, how often and for what purposes?
If yes, how useful would you find such a service – on a scale of 1 to 10, where 10 is extremely useful?

If no, would being able to pay your bill(s) through the service change your response?

19. This question is addressed to ratepayers, but we can also see that billing authorities would have a clear interest in using a service, for example for checking eligibility to reliefs. We note and welcome that the consultation says that DBR should not change the billing authority's responsibility for business rates, so that any future billing functionality should link to the billing authority.

Question 17: When thinking about how often (your) bills change, how often should the business rates billing information be updated? (eg daily, weekly or whenever a ratepayer seeks to view their billing information). Options: real time look up/daily/weekly/monthly/quarterly/annually.

20. This question is primarily addressed to ratepayers. However, we would note that liability for business rates is determined on a daily basis and circumstances can change every day. Therefore, any service should be updated at least daily. Ideally any changes should be notified and billing authority systems updated automatically so that billing authorities do not have to clean data, although there may be an initial data clearing exercise.

Question 18: Could DBR data help with targeting and administering reliefs? If so, for which reliefs would it be help most and why?

21. Responsibility for determining and awarding reliefs is that of the billing authority. We can see that a service could, at least in theory, help billing authorities with both mandatory and discretionary reliefs as long as it gave billing authorities the ability

to look at data for ratepayers with properties both in their own and other billing authorities.

22. We would anticipate that a DBR system could most immediately help with mandatory reliefs such as small business rates relief and that it could also have a role in checking on entitlement to charitable relief and empty property relief. This is because it would enable billing authorities to see if ratepayers met the eligibility criteria for small business rates relief, for example by checking for potential occupation and valuation of properties in other billing authorities.

23. We are concerned about business rates compliance and avoidance. Based on a 2019 survey we estimated that around £250 million per annum, or about 1 per cent of total business rates income, is lost to avoidance. We are particularly concerned about the abuse of reliefs such as empty property and charitable relief, as well as small business rates relief and abuse of insolvency legislation. A digital business rates service, could, at least in theory, give councils new tools to combat business rates avoidance, although we remain of the view that the Government should change the regulations to tighten up on all business rates avoidance including, for example, taking advantage of the six weeks occupation to qualify for another period of business rates relief. Similar measures have been enacted in Wales and Scotland

Question 19: Is there any other data that DBR could provide to help billing authorities feel more confident when awarding reliefs and/or grants?

24. Some reliefs and grants are subject to subsidy control rules and these generally apply for the business as a whole. The normal practice in this case is that the ratepayer certifies that they are not in breach of subsidy control limits, but there is no way of checking across authorities. DBR could provide a way of checking on subsidy control limits, although it should be recognised that this would place more new burdens on councils and should be funded accordingly.

Chapter 6 questions

Question 20: If option A for 'data in' is pursued, do you think DBR should be included within the sanctions regime for the new VOA duty or have a separate sanctions regime?

25. We have yet to see the detail of the new VOA duty which is expected to be contained in the Non-Domestic Rating Bill so it is difficult to answer this question. In our response to the technical consultation on business rates reforms, we expressed our support for the introduction of a compliance regime with sanctions and penalties for non-compliance for late or incomplete information, missed deadlines or the provision of inaccurate or false information as we considered that it should be in line with other tax compliance regimes. There should also be a compliance regime for ratepayers covering their duties to councils.

Question 21: If separate, or if options B and C are pursued, do ratepayers have views about adopting a similar penalty regime to the one proposed for the VOA's new duty?

26. This question is addressed to ratepayers. Our general views about compliance regimes are contained in the answer to the question above. If it is decided to adopt option B, it would be necessary to give councils the same compliance powers as it is proposed to give the government for option A.

Question 22: What concerns do stakeholders have about a DBR sanctions regime?

27. As long as the regime is proportionate we do not have any concerns.

Question 23: Do you envisage risks with applying the principle of conditionality to new or redesigned reliefs? If so, how can these be mitigated?

28. As stated in the answer to the question above, as long as the regime is proportionate we do not have any concerns.

Question 24: Are there alternatives to penalties not explored in this document that the government should consider?

29. We do not have any alternative suggestions to offer.

Chapter 7 questions

Question 25: What are ratepayers' and agents' views on whether ratepayers will want their agents to discharge their duty to provide the mandatory reference numbers needed for DBR?

Question 26: Where a ratepayer wants an agent to discharge their duty to provide the mandatory reference numbers needed for DBR, do agents know/can they easily obtain the tax and property references set out in chapter 3? Are any more or less easily accessible?

Question 27: What are agents' views on the benefits and any drawbacks of agents being able to access ratepayer's business rates billing information through DBR?

Question 28: Do tax agents foresee any change in their clients' expectation of them as a result of being able to access to their business rates billing information alongside their other tax information? If so, how and what are their views on the benefits and disbenefits of that change?

These questions are addressed primarily to ratepayers and agents.

Contact
Mike Heiser
Senior Policy Adviser
Phone: 020 7664 3265
Mobile: 07876 578189
Email: mike.heiser@local.gov.uk

Meeting: Resources Board

Date: 22 September 2022

Future of the IFRS 9 statutory override: Mitigating the impact of fair value movements of pooled investment funds

Purpose of report

For decision / clearance of response

Summary

This report outlines a proposed response to a consultation from DLUHC on the future of the statutory override to International Financial Reporting Standard 9 (IFRS 9) for members to agree. The report proposes the response should call for the override to be made permanent or (as a minimum) be extended.

Recommendation/s

That the Resources Board approve the draft response to the consultation appended to this report, subject to any amendments agreed at the meeting.

That officers make any amendments to the draft responses and arrange submission to DLUHC.

Contact details

Contact officer: Bevis Ingram

Position: Senior Adviser Finance

Phone no: 079 2070 2354

Email: bevis.ingram@local.gov.uk

Meeting: Resources Board

Date: 22 September 2022

Future of the IFRS 9 statutory override: Mitigating the impact of fair value movements of pooled investment funds

Background

1. IFRS 9 (International Financial Reporting Standard 9) Financial Instruments was introduced in local authority accounting from the 2018/19 financial year and was applied to the balance sheet of local authority accounts. IFRS 9 specifies how financial instruments are classified and measured in accounts (that is accounts of all types of entities, not just local authorities). The statutory override under consideration in this consultation only applies to pooled investment funds, not to other financial instruments
2. The IFRS 9 statutory override was introduced in 2018 following concerns raised by the sector that without it councils would be subject to unnecessary financial volatility that would have unwanted impacts. In January 2018 the then Chair of the LGA's Resources Board wrote to then Local Government Minister calling for an override; the call was backed across the sector, including by CIPFA and Treasurers' Societies. The Government then undertook a formal consultation on proposals to introduce the override for a period of three years.
3. The issue was considered by the LGA's Resources Board in September 2018. The Board approved the response to that consultation, and argued for an override to be introduced and made permanent, or failing that to run for a period of at least five years.
4. This was agreed by the Government who introduced a five-year override from April 2018 to March 2023. The current consultation offers three options – either end the override, extend it, or make it permanent.

Proposed response

5. A proposed response to the consultation is attached as an appendix to this report. This follows the approach taken in 2018 and calls for the override to be made permanent or extended again; members may wish to comment on this.
6. There would appear to be a strong view that that the Government was right to introduce an override in 2018. Recent evidence from a survey by Room 151 magazine of 77 local authorities showed that over the last three balance sheet dates the majority of those surveyed held investments that were affected by the override and all that did experienced a change in value that would have impacted in the revenue account if the override was not in place. About a third of them experienced such volatility that the value of their investments went up and down significantly at the different balance sheet dates in that short period. Having the override in place meant that these councils did not have to make unnecessary cuts in service in response to these differences in valuations between balance sheet dates.

7. More recent reports in the same magazine report the Presidents of at least two of the council Treasurer societies, speaking on behalf of their societies, support continuation of the override.
8. A contrary view may be held by the Accountancy Institutes, one of which has been reported as saying that councils should “prepare for a ‘post-override’ world” and take stock of their investment risk management framework accordingly.
9. Members may wish to consider the following points.
   - Having the override in place does not mean that local authorities do not have monitor or measure changes in value at balance sheet date, just that such changes, particularly temporary changes, do not affect the revenue account directly in the short term.
   - The investments affected by the override (pooled funds) are long-term investments and if the override is not in place, holders of such investments will have to make revenue adjustments for what are paper changes in value at balance sheet dates. The balance sheet is a snapshot at a single date; the paper valuations could be different a few days before and few days after or before the balance sheet date.
   - The point that a change in value actually has a real impact is the point at which any real gain or loss is realised. Having to make real revenue provisions for temporary paper losses or take real revenue cash for temporary paper gains, measured at a single date each year, creates unnecessary real revenue risks that could have a significant negative impact on a local authority’s ability to provide local services.
   - Even with the override in place, local authorities still have report on changes to the paper value of the relevant investments and should take this account of possible gains and losses in their risk management framework.
   - The paper valuation at balance sheet date is only a snapshot of the value at a specific date (31 March). Proper management of investments requires much more frequent monitoring of fair value of investments than a year end figure at a single date. Risk management based on the recording a single paper figure each year will be entirely inadequate and councils will not be doing this.
10. The above points are all included in the draft response appended to this report.

Implications for Wales

11. The statutory override affects local authorities in England only. The Welsh Government implemented a separate override for Welsh local authorities in 2018 that also runs out in March 2023. The Welsh Government has not yet come forward with proposals on taking this forward.

Financial Implications

12. The work covered in this paper is included in the LGA’s core budget.

Equalities implications

13. It is difficult to assess whether the statutory override for IFRS 9 has any specific impacts for individuals with protected characteristics. The override itself does not have any identified negative impacts, but if the override were to cease this would be likely to have a negative impact on councils' ability to fund service and so could have a negative impact on individuals with protected characteristics.

Next steps

14. That officers make any amendments to the draft responses and arrange submission to DLUHC.

Local Government Association

Future of the IFRS 9 statutory override: mitigating the impact of fair value movements of pooled investment funds. LGA response

Submission

September 2022

About the Local Government Association

1. The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross party membership organisation, representing councils from England and Wales.

2. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

3. This response has been cleared by the LGA's Resources Board.

General points

4. We support making the IFRS 9 statutory override permanent or, as a minimum, extending for another five years. The IFRS 9 statutory override was introduced in 2018 following concerns raised by the sector that without it councils would be subject to unnecessary financial volatility that would have unwanted impacts. In January 2018 the then Chair of the LGA's Resources Board wrote to then Local Government Minister calling for an override; the call was backed across the sector, including by CIPFA and by Treasurers' Societies. The Government then undertook a formal consultation on proposals to introduce the override. In our response to that consultation in 2018, we argued for the override to be introduced and made permanent. In response a five-year override was introduced from the 2017/18 financial year; this expires at the end of the current financial year.
5. We believe that the Government was right to introduce an override in 2018. Recent evidence from a survey by Room 151 magazine of 77 local authorities showed that over the last three balance sheet dates the majority of those surveyed held investments that were affected by the override and all that did experienced a change in value that would have impacted in the revenue account if the override was not in place. About a third of them experienced such volatility that the value of their investments went up and down significantly at the different balance sheet dates in that short period. Having the override in place meant that these councils did not have to make unnecessary cuts in service in response to these differences in valuations.
6. Having the override in place does not mean that local authorities do not have to monitor or measure changes in value at balance sheet date, just that such changes, particularly temporary changes, do not affect the revenue account directly in the short term.

Individual questions

18 Smith Square London SW1P 3HZ
020 7664 3000 info@local.gov.uk www.local.gov.uk
Local Government Association company number 11177145
Improvement and Development Agency for Local Government company number 03675577

Question 1. In your view, what should the future of the IFRS 9 override be post March 2023 [elapse/extend/make permanent]? Please set out your rationale.?

7. In our view as a minimum the statutory override should be extended, and preferably it should be made permanent. The investments affected by the override (pooled funds) are long-term investments and if the override is not in place, holders of such investments will have to make revenue adjustments for what are paper changes in value at balance sheet dates. The balance sheet is a snapshot at a single date; the paper valuations could be different a few days before and few days after or before the balance sheet date.
8. The point that a change in value actually has a real impact is the point at which any real gain or loss is realised. Having to make real revenue provisions for temporary paper losses or take real revenue cash for temporary paper gains, measured at a single date each year, creates unnecessary real revenue risks that could have a significant negative impact on a local authority's ability to provide local services.

Question 2: Please describe any financial consequences for your authority if the statutory override is allowed to elapse from 31 March 2023?

9. This is a question for individual local authorities to answer.

Question 3: What are the advantages and disadvantages of investing in pooled investment funds for your LA?

10. This question is aimed at individual local authorities. However, comments made by councils are that local authorities hold the investments because they give a return balanced against risk.

Question 4: How would removing the statutory override change your current approach to investing in pooled investment funds?

11. This question is aimed at individual local authorities. However, we have heard comments from local authorities that removing the statutory override would make it less likely that they will invest in pooled funds. If local authorities divest themselves of the investments, then it is likely that alternative investments will either give a smaller return (affecting money available to fund services) or be at a higher level of risk, or both.
12. Another option would be for local authorities to continue to hold pooled investments, but to hold additional cash reserves to enable the smoothing of the impact of volatility between year-end valuations. This could mean that the level of local authority reserves would rise, tying up further funds and that local authorities would come under pressure to spend them whenever investment values rise.

Question 5. Assuming the statutory override elapses March 2023, what impact might this change have on your audit process?

13. This is a question for individual local authorities and local auditors to answer. Even with the override in place, the paper changes in values at balance sheet

days are still recorded in the accounts (with changes then being reversed out). The current position therefore should be that the figures are already subject to audit scrutiny; however, it is possible that the real impact on revenue funding will mean the valuations could be subject to additional audit work, putting further pressure on local audit, which is already in crisis.

Question 6. (a) Assuming that the statutory override is continued beyond March 2023, do think it should be time-limited or permanent? Please set out your rationale.

Question 6. (b) If you think it should be time-limited, what do you consider the appropriate length of time it should be extended?

14. As outlined above, our view is that as a minimum the statutory override should be extended, and preferably it should be made permanent. In our opinion, the argument in favour of having an override is one that is not affected by time factors. So long as local authorities hold pooled funds as long-term investments then the argument remains that it would be a bad risk for temporary paper changes in value for these investments to impact on revenue resources.
15. In these circumstances, a permanent override is more efficient than an extension as an extension means that there must to be a further detailed review and public consultation at the end of the extension period, which may be unnecessary and will merely confirm a further extension of the override. Implementing a permanent extension would not, however, prevent the Government from reviewing the override at a further date if something happened to make that necessary.

Question 7. (a) If applicable, has your authority taken steps to reduce its exposure to the risks associated with pooled investment funds ahead of the statutory override potentially ending 31 March 2023? Please provide details.

Question 7. (b) If your authority has not taken steps to reduce its exposure to risks from pooled investment funds, please set out the rationale for this?

16. This is a question for individual local authorities to answer.

Question 8. Do you agree that by not recognising the fair value movement of pooled investment funds this reduces effective risk management and potentially creates future risks? Please provide details

17. We do not agree with this. The effect of the override is that fair value movement of pooled investment funds as at balance sheet date is reversed out of the final accounts so that it does not impact on revenue resources. The figure is still recorded. Further, the valuation at balance sheet date is only a snapshot of the value at a specific date (31 March). Proper management of investments requires much more frequent monitoring of fair value of investments than a year end figure at a single date. Risk management based on the recording a single paper figure each year will be entirely inadequate.

Question 9. What is the fair value of your authorities pooled investment fund investments as at 31 March 2022?

18. This is a question for individual local authorities to answer.

Question 10. Please set out the value of the gains/losses from your authorities investments in pooled investment funds for 2019/20, 2020/21, 2021/22 recognised under proper practices. Please give both absolute value and as percentage movement for each year.

19. This is a question for individual councils to answer, we assume “proper practices” means “fair value” in this context.

Question 11. What is the balance on the unusable reserve as created by the statutory override as at March 2022?

20. This is a question for individual councils to answer.

Contact:
Bevis Ingram
Senior Adviser Finance
Phone: 079 2070 2354
Email: bevis.ingram@local.gov.uk

Local Government Association

Meeting: Resources Board

Date: 22 September 2022

Consultation on the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom

Purpose of report

For decision / clearance of response

Summary

This report outlines a proposed response to the annual consultation from CIPFA LASAAC on the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom. The proposed response reinforces points made in consultation responses from earlier this year.

Recommendation/s

That the Resources Board approve the draft response to the consultation appended to this report, subject to any amendments agreed at the meeting.

That officers make any amendments to the draft responses and arrange submission to CIPFA LASAAC.

Contact details

Contact officer: Bevis Ingram

Position: Senior Adviser Finance

Phone no: 079 2070 2354

Email: bevis.ingram@local.gov.uk

Consultation on the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom

Background

1. The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Local Authorities Scotland Accounts Advisory Committee (LASAAC), is responsible for maintaining the Code of Practice on Local Authority Accounting in the United Kingdom (the code), which governs "proper practices" for the keeping of local authority accounts. The code is governed by a joint board of the two bodies known as "CIPFA LASAAC" for short. The code is updated and issued annually, each time following a consultation with local authorities and other interested stakeholders. The current consultation concerns revisions to the code to apply to the year 2023/24. In most years the LGA has not submitted a response to this consultation (an exception was in 2019 for 2020/21) as the view has been that it is more appropriate for responses to come from individual local authorities and from technical experts working in the sector for local authorities.
2. This year, however, it is suggested that the LGA should respond in order to reinforce points we have made in response to the two consultations earlier this year on proposed in year changes to the accounting code to respond to problems with finalising local authorities' accounts. These were the emergency consultation on temporary changes to the accounting code 2021/22 and 2022/23 in March and the urgent consultation on temporary changes to the accounting code (Infrastructure assets) in June.

Proposed response

3. The consultation includes many detailed technical questions, and it is proposed that responses to most of these should be left to technical experts working for local authorities. It is proposed that the LGA response concentrates on issues connected with, and outstanding from, the consultations earlier this year.
4. In the LGA responses to those consultations (March and June), which were cleared by lead members of Resources Board, we noted that local audit is currently in crisis. We noted that the reasons for this are complex and have a number of causes which will take time to address, requiring a concerted response from a range of stakeholders including Central Government, the audit firms, the regulators and CIPFA. Members may consider that these points should be reinforced in the current consultation response, including the following points:
    - The proposals in the two consultations earlier this year were a valid attempt by CIPFA to alleviate some of the worst of the short-term problems, problems that are both an immediate cause of the current crisis and a symptom of the long-term problems. It is therefore disappointing that it has

not yet been possible to finalise a satisfactory outcome in response to those proposals.

- The issue is complex and that other stakeholders are involved as well as CIPFA. A long-term permanent solution to the problems being experienced does not seem likely any time soon. It is therefore suggested that when CIPFA LASAAC makes any temporary changes to the 2022/23 code, the same changes should also be made to the 2023/24 code, unless there is a clear reason not to.

5. The consultation also raises the approach to three legislative issues affecting the accounting code. These are:
   a) Accounts publication deadline. The deadline has been put back to 30 September for this year and next year. The code does not set the deadline (it is set by DLUHC) but this is an opportunity to make the point that it will be necessary for the accounts publication deadline to continue to be at this later date until the ongoing crisis with local audit is resolved.
   b) Fair value gains and losses on pooled investments (IFRS 9 statutory override). A suggested response to a DLUHC consultation is elsewhere on the agenda for this meeting. Again, the code does not set the rules for this, but this is an opportunity to make the point to the Accountancy Institute that we are arguing that the IFRS 9 statutory override should be extended or made permanent.
   c) Dedicated Schools' Grant (DSG). This relates to the statutory override which allows councils to carry forward DSG deficits without having to make provision for them in general funds. Again, this is not set by the code but by the Government. A response could include the point that the code should reflect any decision taken by the Government following a consultation on the relevant regulations. The opportunity can also be taken to make the point that the DSG deficit will continue to be an issue and the government should provide a permanent solution that eliminates DSG deficits.

6. The consultation is also an opportunity to make the point that was discussed at the last meeting of Resources Board that the LGA would welcome the opportunity to engage further with CIPFA LASAAC on further opportunities to simplify the accounts in order to simplify the local audit process and help alleviate some of the current problems.

7. All the above points have been made in the draft response which is appended to this report.

Implications for Wales

8. The CIPFA Codes will affect the whole UK. We are in regular contact with the Welsh LGA and have discussed the new codes with colleagues in the Association.

Financial Implications

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

Equalities implications

10. It is difficult to assess whether changes to the accounting code have any specific impacts for individuals with protected characteristics.

Next steps

11. That officers make any amendments to the draft responses and arrange submission to DLUHC.

Consultation on the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom. LGA response.

Submission

September 2022

About the Local Government Association

1. The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross party membership organisation, representing councils from England and Wales.

2. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

3. This response has been cleared by the LGA's Resources Board.

General points

4. We understand that this consultation is the annual consultation on the accounting code, concentrating on revisions to the code to apply to the year 2023/24. In most years the LGA has not submitted a response to this consultation (except in 2019 for 2020/21 is an exception) as our view is that it is more appropriate for responses to come from individual local authorities and technical experts working in the sector for local authorities.
5. This year, however, we are responding in order to reinforce points we have made in response to the two consultations earlier this year on proposed changes to the accounting code to respond to problems with finalising local authorities' accounts. These were the emergency consultation on temporary changes to the accounting code 2021/22 and 2022/23 in March and the urgent consultation on temporary changes to the accounting code (Infrastructure assets) in June.
6. In those responses (March and June) we noted that local audit is currently in crisis and that the reasons for this are complex and have a number of causes which will take time to address. They require a concerted response from a range of stakeholders including Central Government, the audit firms, the regulators and CIPFA.
7. In our view, the proposals in the two consultations earlier this year were a valid attempt by CIPFA to alleviate some of the worst of the short-term problems, problems that are both an immediate cause of the current crisis and a symptom of the long-term problems. It is therefore disappointing that it has not yet been possible to finalise a satisfactory outcome in response to those proposals.
8. We appreciate that the issue is complex and that other stakeholders are involved as well as CIPFA. The point that we want to make is that a long-term permanent solution to the problems being experienced does not seem likely any time soon. We suggest that when CIPFA makes any temporary changes to the 2022/23 code, the same changes should also be made to the 2023/24 code, unless there is a clear reason not to.

18 Smith Square London SW1P 3HZ
020 7664 3000 info@local.gov.uk **www.local.gov.uk**
Local Government Association company number 11177145
Improvement and Development Agency for Local Government company number 03675577

Individual questions

Question 1. Do you agree with the approach to the changes to the Code ie to maintain a stable platform in the 2023/24 Code? If not, why not? Please provide your views on why this might be the case.

9. We agree with this approach, subject to the points made in paragraphs 6 to 8 above (we believe the line being taken is consistent with that).

Question 2: Do you agree with CIPFA LASAAC's view that the changes included in the Definition of Accounting Estimates, Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors should be implemented in the Code as outlined in the ITC? If not, why not? What alternatives do you suggest?

10. This is an area where CIPFA should take account of comments from practitioners working in the sector.

Question 3: Do you agree with CIPFA LASAAC's view that Disclosure of Accounting Policies, Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements should be implemented in the Code as outlined above? If not, why not? What alternatives do you suggest?

11. This appears to be reasonable, subject to any comments from practitioners working in the sector.

Question 4: Do you agree with CIPFA LASAAC's view that Deferred Tax relating to Assets and Liabilities arising from a Single Transaction, Amendments to IAS 12 Income Taxes should be implemented in the Code as outlined in the ITC? If not, why not? What alternatives do you suggest?

12. This is an area where CIPFA should take account of comments from practitioners working in the sector who deal with group accounts that might be affected by this.

Question 5. Do you agree with CIPFA LASAAC's view that Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations should be implemented in the Code as outlined above? If not, why not? What alternatives do you suggest?

13. This is an area where CIPFA should take account of comments from practitioners working in the sector.

Question 6. Do you agree with CIPFA LASAAC's approach to legislative changes? If not, why not? What alternatives do you suggest.

(a) Accounts publication deadlines (England)
(b) Fair value gains and losses on pooled investments (England and Wales)
(c) Dedicated Schools' Grant (England)

14. Comments on each area below.

a) Accounts publication deadline. We agree with the approach. It makes sense for the code to reflect the deadline as laid down in the revised Accounts and Audit Regulations. In addition, in our view, it will be necessary for the accounts publication deadline to continue to be at this later date until the ongoing crisis with local audit is resolved.
b) Fair value gains and losses on pooled investments (IFRS 9 statutory override). We agree that the 2023/24 code should reflect the action taken by the Government following the outcome of the current consultation on the IFRS 9 statutory override. In our response to that consultation, we are arguing that the override should be extended or made permanent.
c) Dedicated Schools' Grant (DSG). We agree with the approach being taken in the code and that it should reflect any decision taken by the Government following a consultation on the relevant regulations. In our view the DSG deficit will continue to be an issue. It will take several years for the proposals set out in the SEND Green Paper to be taken through the legislative process, before becoming law. In the meantime, making additional high needs funding available to all councils, as well as the targeted 'safety valve' and the 'Delivering Better Value in SEND' programmes are welcome, but the Government must go further and develop a plan that eliminates every council's Dedicated Schools Grant deficit.

Question 7. Do you agree with CIPFA LASAAC's approach to the implementation of IFRS 17 Insurance Contracts in the Code? If not, why not? What alternatives do you suggest?

15. This is an area where CIPFA should take account of comments from practitioners working in the sector.

Question 8. Do you agree with the timing of the implementation of IFRS 17 Insurance Contracts in the Code ie in the 2025/26 Code? If not, why not? What alternatives do you suggest?

16. This is an area where CIPFA should take account of comments from practitioners working in the sector.

Question 9. Do you have any comments on the topics that CIPFA LASAAC's strategic plan should prioritise including the topics to be considered by the FRHub? Please set out the rationale for your response.
and
Question 10. Do you have any suggestions for how CIPFA LASAAC and the FRHub might be able to assist local authority accounts preparers in communicating the key messages in the financial statements to the users of the accounts, including the provision of summary financial information?

17. These look reasonable and we have no further detailed comments at this stage. We would welcome the opportunity to engage further with CIPFA LASAAC in due course, in particular on further opportunities to simplify the accounts in order to simplify the local audit process and help alleviate some of the current problems.

Question 11. Do you agree that sustainability reporting should be added to CIPFA LASAAC's strategic plan? If not, why not? What alternatives would you suggest?

18. This appears to be reasonable.

Question 12. Do you have any suggestions for how CIPFA LASAAC or CIPFA should support local authorities with reporting the impact of the environment or sustainability reporting in the local authority financial statements or accompanying reports (eg the narrative report)? Please set out the rationale for your response.

19. This is an area where CIPFA should take account of comments from practitioners working in the sector

Question 13. Do you have any comments on CIPFA LASAAC's preliminary objectives for reviewing the structure or format of the Code? Please set out the rationale for your response.

20. As mentioned in response to questions 9 and 10, we would welcome the opportunity to engage further with CIPFA LASAAC in due course, in particular on further opportunities to simplify the accounts in order to simplify the local audit process and help alleviate some of the current problems.

Question 14. Are there any areas within the Code where additional guidance or improvements to the Code would be helpful? Please support your answer by giving details of the amendments you would suggest.

21. This is an area where CIPFA should take account of comments from practitioners working in the sector.

Contact:
Bevis Ingram
Senior Adviser Finance
Phone: 079 2070 2354
Email: bevis.ingram@local.gov.uk

Meeting: Resources Board

Date: 22 September 2022

Public Sector Audit Appointments (PSAA) consultation on the 2022/23 audit fee scale: Opted-in local government and police bodies

Purpose of report

For decision / clearance of response

Summary

The report outlines a draft response to a consultation from Public Sector Audit Appointments (PSAA) on the 2022/23 audit scale fee for opted-in local government and police bodies, to be cleared by the Board. The report proposes that the response supports the approach suggested in the consultation.

Recommendation/s

That the Resources Board approve the draft response to the consultation appended to this report, subject to any amendments agreed at the meeting.

That officers make any amendments to the draft responses and arrange submission to PSAA.

Contact details

Contact officer: Bevis Ingram

Position: Senior Adviser Finance

Phone no: 079 2070 2354

Email: bevis.ingram@local.gov.uk

Public Sector Audit Appointments (PSAA) consultation on the 2022/23 audit fee scale: Opted-in local government and police bodies

Background

1. PSAA has launched a consultation on the fee scale for 2022/23 audits, which closes on Friday 30 September 2022. This is the first time that the annual fees have been set under the new arrangements that allow fees to be set by 30 November of the financial year to be audited (rather than before the start of the year) and the new arrangements for fee variations that PSAA consulted on in November 2020. The LGA was supportive of both changes as a way of improving the accuracy of initial fees.
2. A draft proposed response to the consultation is attached as an appendix to this report.

Proposed response

3. The methodology outlined in the consultation document follows the arrangements previously consulted on and should enable fees to be set with more up to date information. These new arrangements were supported by the LGA when they were consulted on, so it is proposed that the response to this consultation is broadly supportive.
4. That said, as members will be aware, many 2020/21 audits and several 2019/20 audits still incomplete due to the current crisis in local audit. This means that the fees for 2022/23 still have to be set using incomplete information. As part of the consultation PSAA is writing individually to each opted in body to explain the proposed change to their scale fee due to variations from prior years being consolidated into the scale fee for 2022/23. This seems to be a reasonable approach, but it is suggested that the point is made that due notice is taken of the responses from the individual bodies.
5. There is also incomplete information for some ongoing additional work that started for the 2020/21 year (eg the new requirements relating to the Value For Money commentary). Ideally fees relating to this would have been consolidated in the overall fee for 2022/23 but the lack of information will mean continued and extensive use of the fee variation process, coupled with a range of the indicative estimates of likely additional cost; this is because PSAA is unable to amend a scale fee once it is set. It is suggested that the response acknowledges the difficulties and supports the approach being taken.
6. The proposal also includes provision for inflation on scale fees. This is the first time that inflation has been sufficiently high for the threshold specified in the contract to take effect. Under the contact inflation of 5.2% should be applied to the fees and the proposal is for this to be met from PSAA's surplus rather than from additional charges to audited bodies. It is suggested that this proposal is

supported as a one-off pragmatic approach to the last year of the current contract (the surplus would be due for distribution to audited bodies in any case). However, it is also suggested that the response recommends that this approach should not be used when the new contract starts as it could mean in the future that in one year the fee charged to the audited body could include cumulative inflation rises for more than one year. This could lead audited bodies to underestimate and so under budget for fees and face unexpected increases year on year.

Implications for Wales

7. The audit fee arrangements and so this consultation only apply to English local authorities.

Financial Implications

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

Equalities implications

9. It is difficult to assess whether the audit fee proposals described in this report have any specific impacts for individuals with protected characteristics.

Next steps

10. That officers make any amendments to the draft responses and arrange submission to PSAA.

Response to Public Sector Audit and Appointments (PSAA) Consultation on the 2022/23 audit fee scale: Opted-in local local government government and police bodies

September 2022

About the Local Government Association

1. The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross party membership organisation, representing councils from England and Wales.

2. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

3. This response has been cleared by the LGA's Resources Board.

General points

4. As is explained in the consultation document, we appreciate that the fees being set here relate to the audit of the current year (2022/23). These audits will not be started until 2023. We also appreciate that this is the final year of the current five-year appointing period, which covers the audits of the accounts of relevant authorities for 2018/19 to 2022/23 and that the audit procurement exercise that PSAA is undertaking for new audit contracts for the five audit years from 2023/24 is a separate exercise.

5. We also understand that this is the first time that the annual fees have been set under the new arrangements that allow fees to be set by 30 November of the financial year to be audited (rather than before the start of the year) and the new arrangements for fee variations that PSAA consulted on in November 2020. We were supportive of both changes as a way of improving the accuracy of initial fees.

6. That said, with so many 2020/21 audits and several 2019/20 audits still incomplete due to the current crisis in local audit, the fees for 2022/23 still have to be set using incomplete information. We understand that as part of the consultation PSAA is writing individually to each opted in body to explain the proposed change to their scale fee due to variations from prior years being consolidated into the scale fee for 2022/23. It will be important that due notice is taken of the responses from the individual bodies.

7. It is clear that there is also incomplete information for some ongoing additional work that started for the 2020/21 year (eg the new requirements relating to the Value For Money commentary). Ideally fees relating to this would have been consolidated in the overall fee for 2022/23 but the lack of information will mean continued and extensive use of the fee variation process, coupled with a range of

Local Government Association

Submission

18 Smith Square London SW1P 3HZ
020 7664 3000 info@local.gov.uk www.local.gov.uk
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Improvement and Development Agency for Local Government company number 03675577

the indicative estimate of likely additional cost. It is important that the change in fees to cover this additional work is accurate; in addition, it is appreciated that PSAA is unable to amend a fee scale once it is set. In these circumstances, the approach outlined in the consultation document is supported.

8. We understand that the current contract allows for an uplift for inflation of 1% below the most recent Consumer Price Index (CPI) published before the beginning of the financial year being audited. As mentioned in the consultation document CPI was 6.2%; this is the figure for February 2022 that was published in March 2022. The proposal is for this inflation uplift to be met from PSAA's surplus rather than from additional charges to audited bodies. We accept this is a pragmatic approach to the last year of the current contract (the surplus would be due for distribution to audited bodies in any case). This approach is unlikely to work for the new contract. Unless the surplus contains sufficient funds to cover cumulative inflation rises every year (extremely unlikely), then in one year the fee charged to the audited body will include cumulative inflation rises for more than one year. This could lead audited bodies to underestimate and so under budget for fees and face unexpected increases year on year.

Individual questions

Question 1. Do you support the proposals in the consultation for the fee scale for 2022/23 audits? Please add any additional comments that you wish to make.

9. Yes. Additional comments are made in the paragraphs on general points above.

Contact:
Bevis Ingram
Senior Adviser Finance
Phone: 079 2070 2354
Email: bevis.ingram@local.gov.uk

LGA Resources Board

22 September 2022

Technical adjustment to the Business Rates Retention system

Purpose of report

For decision

Summary

This report introduces the DLUHC consultation on technical reforms to the business rates retention system and includes a suggested response from the LGA for your consideration.

Recommendation/s

That members comment or provide any amendments to the LGA response in Annex A and agree that it be submitted to DLUHC as the LGA response

Contact details

Contact officer: Mike Heiser

Position: Senior Adviser (Local Government Finance)

Phone no: 020 7664 3265

Email: mike.heiser@local.gov.uk

Technical adjustments to the Business Rates Retention system

Background

1. On 2 September 2022 the Government published a consultation on technical changes to the business rates retention system to deal with the 2023 business rates revaluation and the proposal to move certain properties to the Central List from 1st April 2023. The consultation closes on 30 September 2022.

Summary of consultation and proposals

2. The next Business Rates Revaluation is due to take effect from 1 April 2023. It is expected to change business rates retained locally and, if no adjustment was made, could lead to windfall gains and losses for councils. The Government has also confirmed its intention to move a number of large telecom networks and the Channel Tunnel Rail Link from local authority rating lists to the central rating list from 1 April 2023. Moving properties to the central list will reduce income for affected authorities.

3. It is Government policy that retained business rates income from the business rates retention (BRR) system should, as far as practicable, be unaffected by Business Rates Revaluations, or the movement of ratepayers from local lists to the central rating list at the 2023 revaluation.

4. Technical adjustments were made to the BRR system in order to neutralise the effects of the last revaluation which came into effect in 2017. Due to data availability this had to be carried out over three years. The current consultation proposes to start from the 2017 methodology and also seeks views on changes to the methodology to reflect appeals provisions and the central list changes.

5. The consultation contains 7 questions. They cover the following topics

   - Whether the 2017 methodology is the right starting point in determining the procedure to be applied in 2023;
   - Whether a change should be made to the methodology to deal with appeals provisions;
   - How to deal with business rates relief;
   - How to deal with the transfer of certain properties to the Central List.

Proposed LGA response

6. The proposed LGA response is attached at Annex A. Its key points are:

- We agree with the Government policy that retained business rates income from the Business Rates Retention system should, as far as practicable, be unaffected by business rates revaluations.
- We agree with the Government that the 2017 methodology is the place to start but it should be kept under review.
- We consider that whether to make an adjustment for reliefs should be an issue for consideration for the third stage of the adjustment.
- We would expect an adjustment to be made for transfers between the local and central lists.

Implications for Wales

7. The consultation applies to England only as business rates retention does not apply in Wales. We will continue to liaise with colleagues in the Welsh LGA on matters relating to the 2023 revaluation as they affect England and Wales.

Financial Implications

8. The work outlined in this report will be contained within the core budget of the LGA.

Equalities implications

9. There are no specific equalities implications in the consultation.

Next steps

10. Officers will submit the response to DLUHC and continue to engage with them on matters concerned with business rates retention and the 2023 revaluation. Further updates will be brought to your Board when relevant.

Annex A: Technical adjustments to the Business Rates Retention system - LGA response

Draft LGA response

Local Government Association

Submission

Technical adjustment to the Business Rates Retention system in response to the 2023 Revaluation and central list transfers

September 2022

1. The Local Government Association (LGA) is here to support, promote and improve local government. We will fight local government's corner and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services.

2. This response has been agreed by the LGA Resources Board.

Introduction

Question 1: Do you consider that the 2017 technical adjustment to the business rates retention system for the Revaluation is the right place to start? If not, please give your reasoning.

3. We agree with the Government policy that retained business rates income from the BRR system should, as far as practicable, be unaffected by business rates revaluations. This is why an adjustment methodology was put in place for the 2017 revaluation. We agree that in considering the adjustment methodology to be used for the 2023 and subsequent revaluations that this is the place to start.

Question 2: Do you support the proposed change to the formula? If not, please give your reasoning.

4. The main change to the formula proposed is an adjustment to deal with provisions for unsolved appeals. We can see that an adjustment for revaluation should neither compensate nor penalise for such provisions and believe that, if the proposed DLUHC method is adopted, it should be kept under review.

Question 3: Do you agree that we should not further amend the adjustment to take into account changes in reliefs at this stage but rather keep this under review as changes in reliefs become clearer? If not, please give your reasoning.

5. The LGA heard from a number of authorities with large university properties at the time of the 2017 revaluation who felt that the 2017 methodology penalised them as it didn't take into account the fact that these properties receive 80% mandatory business rates relief. We consider that whether to make an adjustment for reliefs should be an issue for consideration for the third stage of the adjustment; by this time it should be clear how the first year of the 2023 list compares with the last year of the 2017 list as far as reliefs are concerned.

Question 4: If you disagreed with question 3, what are your suggestions for updating the technical adjustment to better take into account changes in reliefs?

6. Please see our reply to question 3,

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020 7664 3000 info@local.gov.uk www.local.gov.uk
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Question 5: Do you agree that the standard technical adjustment should be adjusted to safeguard, as far as practicable, the financial position of those authorities who will see property transferred to the Central List at the Revaluation?

7. In the consultation on central and local list transfers DLUHC promised that any implications for business rates retention should be taken into account in central list transfers and we would expect an adjustment to be made in cases where there is a central list transfer.

Question 6: Do you agree that the proposed modification will adequately safeguard the position of local authorities who will see property transferred to the central list? If not, please give your reasoning and what you would do differently.

8. Yes, although as we said in our reply to the central list consultation, authorities with transferred properties such as networks will not gain from any future business rates retention on these properties and that there are wider questions about the central list transparency, for example the accounts for the central list are not published in the way they are for locally collected business rates.

Contact
Mike Heiser
Senior Policy Adviser
Phone: 020 7664 3265
Mobile: 07876 578189
Email: mike.heiser@local.gov.uk

Meeting: Resources Board

Date: 22 September 2022

Cost of Living Update

Purpose of report

For information and decision

Summary

The rising cost of living remains a key priority for councils, government, partners and communities. The LGA is taking a cross-cutting approach to meeting the challenge, led by the Resources Board. We are undertaking separate but connected work on the impact on council finances; workforce implications, and the impact on people and communities (and implications for council services). This paper focuses on our work to support councils with the **impact on people and communities.**

Recommendation/s

That the Resources Board notes recent work, including our response to the new Prime Minister's support with energy bills, and advises on priorities

That the Resources Board agrees representatives for a cross-cutting member advisory group, to join up work on the cost of living across LGA Boards and priorities

Contact details

Contact officer: Rose Doran

Position: Senior Adviser

Email: rose.doran@local.gov.uk

Meeting: Resources Board

Date: 22 September 2022

Cost of Living Update

Cost of living – impact on people and communities

1. The rising cost of living remains a key priority for councils, both in terms of the impact on council finances and the impact on communities

2. On 8th September the new Prime Minister announced a further package of measures to address rising energy costs, including freezing the average domestic bill at £2,500 for two years, with an equivalent guarantee for businesses for six months.

3. The LGA response noted that the measures will alleviate some of the pressures on households and businesses. However, those on lower incomes or with limited wealth or savings may still struggle to meet the costs of energy and other essentials, particularly over the winter. We highlighted the need to mitigate health impacts of damp, cold homes and the importance of ensuring that healthy, nutritious food remained affordable to those on lower incomes.

4. We also highlighted the need to complement financial support with measures to increase energy efficiency and reduce bills by accelerating the transition to renewable energy, retrofitting homes and buildings with insultation and energy-saving adaptations, and promoting comprehensive energy advice.

5. This reflects our commitment to a cross-cutting approach that strengthens financial inclusion and economic wellbeing in the long-term. Councils are widely implementing integrated strategies to reducing socioeconomic inequality and we have commissioned a series of case studies, in partnership with public health colleagues, so that councils can share their local approaches.

6. In his letter to the new Secretary of State for Work and Pensions the Chairman will set out our commitment to working with Government and partners to ensure the welfare system delivers the right support, and that our shared approach to housing, employment and financial inclusion builds financial resilience and inclusive economies in the long term.

7. Housing costs remain a challenge for many residents. We continue to lobby for the freeze to private sector Local Housing Allowance to be lifted and restored to at least the 30th percentile of market rents. We have also suggested a review of welfare reforms including the Removal of the Spare Room Subsidy, the Shared Accommodation Rate and the Benefit Cap to ensure that they are delivering the intended policy outcomes in the current economic climate, and are not having unintended impacts on households who are struggling to meet their rental and living costs.

8. We have worked closely with the Department for Work and Pensions (DWP) on the implementation of the Household Support Fund. We were pleased that the department was able to draw on our work with councils and partners, for example through our recent action learning programme, to inform more flexible

guidance for the final tranche of funding from October 2022 – March 2023. Both we and DWP have a wide range of case studies and learning from the effective delivery of this funding, which we hope will inform a more sustainable, preventative approach to local welfare support from April 2023.

9. We have developed a Cost of Living Hub for councils to share case studies on local projects, services and support. We are also producing a monthly bulletin and a series of webinars to share case studies, research and news from Government and partners.

10. We are working increasingly closely across the organisation to continue to develop and strengthen our collaboration with Government and partners and our support for councils, for example, our Behavioural Insights programme is already working with councils to engage residents in reducing energy consumption and adaptation, and we are exploring whether we can accelerate work to support adult numeracy and positive financial behaviours.

11. We are contributing to the Money and Pensions Service's revision of the UK Strategy for Financial Wellbeing and will ensure we connect members to that work through the proposed Cost of Living advisory group.

Member advisory group

12. We have agreed to set up a member advisory group to ensure that we share learning, capture cross-cutting priorities and develop complementary approaches across the LGA's Boards and work programmes. Following concerns raised at the previous board meeting, and discussion with Resources Board lead members, we have approached the political groups to propose representatives, which will then be agreed with each Board. The group will be chaired by a member of the Resources Board.

Implications for Wales

13. Welfare and financial support are devolved responsibilities. We connect with WLGA and Welsh councils to share learning.

Financial Implications

14. All work is being delivered within existing budgets

Equalities implications

15. Tackling socioeconomic inequality and disadvantage is a key objective for both councils and the LGA as they address the impacts of the rising cost of living. Many councils are developing cross-cutting anti-poverty (or similar) strategies

and we are supporting engagement across the sector through the hub, webinars and case studies.

16. Socioeconomic inequality frequently intersects with other characteristics to create specific challenges or multiple disadvantage. We are therefore also considering the impact of current cost of living pressures on particular groups and communities and, for example, working with councils on the collection and use of data to identify and support their most vulnerable residents.

17. Short-term support is important, but to reduce inequality in the long term we continue to make the case for sustained investment in services that improve our communities' financial wellbeing and resilience, support achievement and attainment and facilitate engagement and collaboration.

Next steps

18. To develop our asks for new ministers, including key immediate and long-term priorities for forthcoming fiscal events

19. To continue to support the sector through the hub, bulletin, webinars, lobbying and tailored improvement support, including the behavioural insights programme and the debt maturity framework

20. To support the member advisory group to join-up work across the LGA Boards

Meeting: LGA Resources Board

Date: 22/09/2022

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 13 July 2022. This includes updates on the LGA's cost pressures work, future finance announcements, business rates, audit and capital.

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 of Resources Board Lead Members.

Contact details

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 Resources Board meeting on 13th July 2022.

Autumn Budget 2022

2. In preparation for a Chancellor's Budget in Autumn 2022, the LGA has been drafting a submission to HMT in advance of the annual announcement. At the time of writing this report, the draft submission is a focussed piece which includes the cost pressures facing local government as a result of rising inflation and energy bills and higher than anticipated forecasts (by the Low Pay Commission) of the National Living Wage. The draft submission will be discussed at the LGA's Executive Advisory Board in September and officers will engage with Resource Board Lead Members on clearance of the finance asks in the LGA's submission which include:
   - Meeting the cost pressures facing councils
   - Calling for certainty and timely multi-year settlements
   - Giving councils more control over business rates, council tax
   - The needs to consider new forms of local government funding
   - Improving local audit
3. In response to the additional cost pressures facing councils the LGA sent a survey to a sample of around 90 councils to gather information on the additional pressures being experienced. The survey closed on 9th September. The responses are being analysed and will inform the LGA's autumn budget submission and wider lobbying on local government funding. Resources Board will be updated on the results of the survey in due course.

2023/24 Local Government Finance Settlement

4. At the LGA annual conference, the then Secretary of State for Levelling Up, Communities and Housing announced that the next settlement would be a two year settlement and a consultation in advance of the provisional settlement would be published shortly. This consultation was expected to include referendum principles for 2023/24 and seek views on the distribution of grants included within Core Spending Power including the New Homes Bonus and previous 2022/23 One off Services Grant. The consultation was delayed and at the time of writing this report it is not clear whether there will still be a multi-year settlement and the timing of any potential consultation. The LGA is pushing for Central Government to meet the additional cost pressures facing local

government and to provide a longer-term settlement as soon as possible. Officers will keep members of the board updated.

Reserves

5. On July 21st, DLUHC published statistics on council budgets for 2022/23. Included within that were figures from individual councils. We have undertaken various pieces of analysis on these to inform our discussions with Government officials.

6. In 2021/22, councils reported a decrease of £8 billion in the levels of reserves held (from £31.3 billion at 31 March 2021 to £23.3 billion at 1 April 2022). It is likely that much of this decrease is likely to be down to councils receiving grants before March 2021 to cover COVID expenditure and then spending them in the 2021/22 financial year.

7. The returns show that councils are forecasting a further reduction in reserves of £2.9 billion in the current year (2022/23), largely due to using grant funding to cover COVID related costs. This means that overall councils' reserves at the end of the current year are forecast to be close to the level that they were before the pandemic.

Energy Rebate through councils

8. On 1st September, the Government published figures on the distribution of the energy rebate through councils. These cover the period up to the end of July 2022. The figures show that 86 per cent of eligible households have received the rebate.

Business Rates

Heat Network Relief

9. On 21st July, DLUHC published guidance on the implementation of the discretionary business rates relief for heat networks for the year 2022/23. This will be delivered using existing local government discretionary relief powers funded by the Government. From 1 April 2023 the Government intends for the relief to be provided via legislation and this guidance will, subject to reviewing the implementation of the guidance, inform regulations to be made to take effect from then.

Business Rates Revaluation 2023

10. The LGA has submitted its response to the DLUHC consultation on the transitional arrangements for businesses following the 2023 business rates revaluation. In our response we point to the need for transitional arrangements for 2023 to be announced no later than autumn 2022 when the draft list and provisional multiplier for the 2023 rating list are expected to be published. This is

to make the process as smooth as possible for both ratepayers and billing authorities and allow time for any necessary software changes.

Local Authority Accounts and Audit

11. The agenda for today's meeting includes draft responses to a number of issues relating to local audit and accounts. As well as these consultations, there have been some further discussions with DLUHC and CIPFA about the ongoing crisis with local audit, and particularly delays to finalising accounts due to the issue with infrastructure assets. CIPFA issued a statement in mid-August indicating that there is still a lot of due process to be gone through but that an update to the accounting code may be available in late September.

12. In early August, Cllr Roger Phillips, Chair of the Local Government Pension Scheme Advisory Board (SAB) wrote to Paul Scully MP, Local Government Minister, on the subject of audit. The letter highlighted the issues around local government pension fund accounts, which are audited as part of the host authority's main accounts. Delays to finalising main authority accounts (which should be published by 30 September but which is not currently being achieved) mean that pension fund accounts – which are usually uncontroversial – are often not published in time for the 1st December pensions statutory deadline, despite being ready.

13. The letter proposed a possible easement, namely separating pension fund accounts from main authority accounts, to resolve this issue for pension funds. Accounts are already separate in Wales and Scotland. The letter asked the minister to task Departmental officials with exploring possible solutions, working closely with the SAB and its Compliance and Reporting Committee to consider possible solutions. We await a formal response.

Capital

14. DLUHC undertook a consultation on proposed changes to the regulations underpinning the Government's Statutory Guidance on Minimum Revenue Provision (MRP). MRP is the amount councils must put aside from revenue to repay debt. Following concerns raised by the sector, including in our response to the consultation, in June DLUHC sent a revised set of proposals to those who responded to the consultation and undertook a survey seeking views on whether these revised proposals addressed the concerns raised. In our opinion the revised proposals did address the main concerns, as we outlined in our response to that survey which was cleared by Resources Board Lead Members.

15. Councils had expressed concerns over the implementation date of the proposals and having sufficient time to prepare for changes. DLUHC has since written to all Section 151 officers to explain that although the formal government response to the consultation and final regulations will not be published until later this year, probably after a further consultation on the guidance, they can confirm that the changes will not be implemented on a mandatory basis earlier than April 2024.

This confirmation is helpful and is intended to provide councils the certainty needed to plan budgets for 2023/24.

Climate Risk Reporting Framework for the LGPS – Consultation

16. On 1st September DLUHC published its long awaited consultation on the governance and reporting of climate change risks. The consultation seeks views on proposals to require Local Government Pension Scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closes at 11:45pm on 24th November 2022.

17. The proposals largely mirror those already in place for private sector pension schemes under DWP legislation. The first fund reports are likely to be required in late 2024 for the financial year 2023/24; with a requirement also for an annual scheme-level report to be published by the Scheme Advisory Board (SAB). The SAB secretariat will work with the Board's Responsible Investment Advisory Group over the coming weeks and months to draft a response to the consultation.

Implications for Wales

18. 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.

Financial Implications

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

Equalities implications

20. 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 there 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 should also help with enabling better outcomes.

Next steps

21. Members are asked to note this update.

22. 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 of Resources Board Lead Members.

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Local Government Association

Minutes of last Resources Board meeting

Title:	Resources Board
Date:	Wednesday 13 July 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 members to the Resources Board meeting. Apologies were received from Cllr Mark Hawthorne, Cllr Amanda Serjeant and Cllr Jason Zadrozny. Cllr David Leaf and Cllr James Hakewill were in attendance as substitutes. No declarations of interest were made.	
2	**Local Government Finance Update**	
	The Chairman invited Mike Heiser, 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. Members made the following comments: • It was queried whether there was progress on the government's recent pledge to allow Ukrainian refugees on the family visa scheme to move to the Homes for Ukraine visa scheme which would prevent them from presenting as homeless to local authorities. • It was raised that Afghan refugees were continuing to live in hotels. • Delivering the council tax energy rebate had been a big administrative challenge. • The possibility of exploring a council tax revaluation. In response, officers made the following comments: • The LGA had taken the government's promise as confirmation and continue to lobby for funding to support it. • Conversations about Afghan refugees in hotels continued to be raised as a concern with government. • There was currently no formal LGA line on council tax revaluation however this was something that could be explored by the Board.	

- A welcome letter covering various issues faced by local government including those raised by Members had been written to the new Secretary of State for Levelling Up, Housing & Communities.

Decision:

Members **noted** the update

3 Cost of Living Summary

The Chair invited Rose Doran, Senior Adviser, to give an update on the ongoing work on cost of living. Since the circulation of the paper, there were the following updates:

- As part of the grant determination, the Department for Levelling Up, Housing & Communities (DLUHC) had agreed to fund debt maturity framework work and some case studies on cost of living.
- Action learning sets brought to previous boards have now concluded. A draft report would be circulated to lead members and go to the Cost of Living Advisory Group.

On the Cost of Living Advisory Group, Members expressed that they would like there to be political representation from each of the political groups. It was emphasised that the Advisory group would not be a decision-making body but aimed to connect the different boards across the LGA.

Decision:

Members **noted** the update.

Action:

Officers to discuss and determine membership to ensure representation across the political groups in the Advisory Group.

4 End of Year Report 2021/22

The Chair invited Members to comment on the End of Year Report 2021-2022 which provided an overview of the work of the Board as well as areas of focus to consider in the coming year.

Members highlighted that the following should be a priority to the board:

- New Homes Bonus
- Support for funding leisure services
- National living wage.
- Adult social care reforms

In response, Sarah Pickup, Deputy Chief Executive, gave the following response:

- New Homes Bonus and, funding of leisure services are considerations as part of the continued cost pressures work as well as the impact of the national living wage.
- Adult social care reform was a priority issue to the LGA and Community Wellbeing Board and Resources Board could collaborate on it.

Decision:

Members **noted** the report.

5 Audit Update

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

6 Cost Pressures

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

7 Workforce Update

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

8 Workforce Update - Mileage Rates

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

9 Minutes of the previous meeting held on 11 May 2022

Members **agreed** the minutes of the previous meeting as an accurate record.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Andrew Western	Trafford Metropolitan Borough Council
Vice-Chairman	Cllr Richard Wenham	Central Bedfordshire Council
Deputy-chairman	Cllr Keith House	Eastleigh Borough Council
Members	Cllr Adrian Hardman	Worcestershire County Council
	Cllr Phillip King	Harborough District Council
	Cllr Rory Love OBE	Kent County Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr Jas Athwal	Redbridge London Borough Council

	Cllr Sharon Taylor OBE	Stevenage 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 Mark Hawthorne MBE	Gloucestershire County Council
	Cllr Amanda Serjeant	Chesterfield Borough Council
	Cllr Jason Zadrozny	Ashfield District Council
LGA Officers	Greg Burns	
	Naomi Cooke	
	Rose Doran	
	Mike Heiser	
	Bevis Ingram	
	Laura Johnson	
	Emilia Peters	
	Sarah Pickup	
	Jamie Saddler	
	Sam Swift	

Minutes of last Resources Board meeting (Confidential)

Title:	Resources Board
Date:	Wednesday 13 July 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

5 **Audit Update - CONFIDENTIAL**

The Chair invited Bevis Ingram, Senior Adviser, to give an update on local audit including recent developments and LGA work.

The Public Sector Accounts Appointments (PSAA) undertook a survey of council's experience of local audit. 89 per cent of responses from Chief Finance Officers reported that resourcing issues on the part of the auditor had been one of the reasons why audits had not been completed on time.

It was proposed that the format of accounts be reviewed with a view to simplification to aid the audit process, improve transparency and make accounts more useful for users.

Members made the following comments:

- There had been resourcing issues for both internal and external auditors, as suggested in the survey. Some auditors lacked specialist understanding of local government audit.
- There had been support expressed to simplify the process, with completing audits considered a priority for reassurance to the public.
- Some suggested that audit work carried out such as valuation of assets was not necessary for councils

In response, Bevis Ingram made the following comments:

- The reason auditors are paying attention to valuation of assets was because regulators were requiring it of them.
- Members comments would be noted and considered for next steps.

Decision:

Members **noted** the update.

6 **Cost Pressures - CONFIDENTIAL**

The Chair invited Bevis Ingram, Senior Adviser, to give an update on LGA work on cost pressures facing local government. The report set out cost pressures alongside forecast core spending power, and further analysis. Members were invited to put their council forward to discuss the impact of rising council costs on services.

Members made the following comments:

- Councils' income had not recovered to levels before the pandemic with leisure services and off-street parking not used as much as previously.
- It was noted that financial pressures varied between different councils
- Some councils appeared to hold funding in reserves but felt this did not demonstrate that councils did not experience cost pressures.

Decision:

Members **noted** the report.

7 **Workforce Update - CONFIDENTIAL**

The Chair invited Naomi Cooke, Head of Workforce, to give an update on workforce which included the following updates since the publishing of the paper:

- A claim was received from Unite in relation to the Craftworker ('Red Book') employees for 2022. It was queried if this meant they now accept the offer covering the period 1 April 2021 to 31 March 2022. We await a response from Unite.
- A 2 per cent pay increase for firefighters offered had been made and the Fire Brigades Union were consulting its members.
- Evidence from the LGA would be given at the low pay commission on 14 July 2022. There had been engagement with Department for Levelling Up, Housing & Communities, Department for Education and Home Office to raise the issues around national living wage.

Members expressed support for the LGA position that National Living Wage requires additional funding from government to be paid and the continued engagement with government on this issue.

Decision:

Members **noted** the update.

8 **Workforce Update - Mileage Rates - CONFIDENTIAL**

The Chair invited Naomi Cooke, Head of Workforce, to present the report which proposed writing to HM Revenue & Customs (HMRC) seeking a review and uprating of HMRC mileage rates.

Most workers are reimbursed for use of their car for work using the HMRC rate designed to provide compensation for fuel and car running costs, but this has not been reviewed since 2011. While employers can in theory pay a higher rate, any payment above the HMRC rate would be seen as a benefit in kind and leave the employee with a tax liability and employer to additional administrative burden. Therefore, it was proposed that the LGA lobby HMRC directly for the rates to be updated.

Members expressed support for the proposal.

Decision:

Members **approved** the proposal to write to HMRC seeking a review and uprating of HMRC mileage rates to assist the local government workforce with increased costs of car use.