

Note of Resources Portfolio meeting

Title: Resources Board

Date: Monday 18 July 2016

Venue: Bevin Hall, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

Item	Decisions and actions	Action
1	Welcome <p>It was noted that due to ill health, Cllr Kober (Resources Portfolio Chair) was unable to attend the meeting and therefore Cllr Fuller (Resources Portfolio Vice-Chairman) would take the Chair for the meeting.</p> <p>Cllr Fuller welcomed all those present to the meeting and introduced the cross party panel of members that would be speaking as part of the programme, as well as key LGA officers. He summarised the learning objectives for the day and encouraged members to share their views to inform the LGA's joint working with the Department for Communities and Local Government (DCLG) and the LGA's response to the Government's Business Rates Retention consultation that had been launched on 5 July.</p>	
2	Introduction <p>Cllr Fuller delivered a PowerPoint presentation providing a high level overview of the proposed reforms announced by the Chancellor in October 2015, the LGA's approach to further business rates retention and the member and officer engagement structures underpinning it. Nicola Morton (Head of Local Government Finance) outlined the key milestones in the timetable for implementation – including the Government's recently launched summer consultation - and highlighted how local authorities could input their views.</p>	
3	New opportunities? <p>Cllr Fuller provided a detailed presentation covering issues including: projections of the total income likely to be available from business rates; the principles underpinning any transfer of additional responsibilities to be funded through business rates; new responsibilities proposed in the Government consultation paper; and potential new and existing cost pressures.</p> <p>There followed a question and answer session in which the following issues were discussed:</p>	

Ministerial Personnel

- The potential impact of the recent Ministerial changes on the Government's business rates reform programme.

Business Rates Appeals

- The appeals system was highlighted as a key area for reform, with particular reference to 'cost shunting' between public sector bodies.

System design

- Questions were asked about the freedom councils would have in designing the system, including the possibility of bespoke systems for particular localities and the potential for a *minimum retained share guarantee* for authorities.
- There was a query whether promised community benefit payments for large infrastructure projects would still be made under the business rates retention scheme.

Transfer of services

- There was support for designing a fair system that both balances need as well as giving a powerful incentive for growth to all authorities, with no members in favour local authorities taking on the administration of attendance allowance as one of the potential new responsibilities.

In drawing this item to a close, Cllr Fuller outlined the key principles established by the LGA's Member Task and Finish Group, which the room support as the right direction of travel.

4 Getting the design right

Cllr Headley and Cllr Barrett provided a detailed presentation on the range of issues to be considered in scoping out how the new system could work. In doing so Cllr Headley covered: balancing growth and redistribution; revaluation and reset frequency; appeals; implications for different local government structures and Fire & Rescue Authorities; review of central and local rating lists; safety nets; and the Government's needs review. Cllr Barrett's half of the presentation covered local tax flexibilities as well as the needs and redistribution aspects of the reforms.

There followed a question and answer session in which the following issues were discussed:

Funding

- The impact of increasing cost pressures on the overall quantum of funding and the need to address misconceptions that there would be an increase in funding available for local authorities as a result of the reforms.
- That the proposals included the possibility of removing Fire and Rescue Authorities from the business rates system and funding them directly from a Home Office grant.

Structures and Geography

- Members shared their differing perspectives on groupings of authorities collaborating on a regional or Combined Authority level. Particular reference was made to the balance between transfers of responsibilities being sensitive to local strengths and equitability of devolution across the country, and the need for interconnectivity between neighbouring authorities as part of the growth agenda.
- The need for clarity regarding the role of Parish Councils in the reforms and the potential associated implications for accountability.

Needs and redistribution

- It was acknowledged that any new system was unlikely to be a panacea, however there was support for it seeking to: address the in-built inequalities in the current system; fairly incentivise growth; manage a proportionate level of risk; and take into account the growing knowledge economy as well as traditional property based businesses.

New responsibilities

- On balance, there was a general consensus that new responsibilities should: be guided by the needs of local areas; support economic growth; and link to shared priorities of both local government and the business community. With this in mind, there were grave concerns about the Government's suggested transfer of welfare related responsibilities in its consultation paper.

Reset

- The challenges of incentivising growth within a system with fixed term full resets were highlighted.

Safely net

- The importance of a form of safety net was highlighted to compensate for significant unplanned changes within a local economy, such as the closure or relocation of a large employer.

5 Summary and close

Cllr Fuller brought the programme to a close by highlighting the wide range of topics had arisen during the day and summarising the emerging themes that would inform the LGA's response to the consultation.

Appendix A -Attendance

Position/Role	Councillor	Authority
The Panel		
Vice-Chairman in the Chair	Cllr John Fuller	South Norfolk District Council
Deputy-chairman	Cllr Clarence Barrett	Havering London Borough Council
Task Group	Cllr Michael Headley	Bedford Borough Council
Member		
Resources Portfolio Members		
	Cllr Adrian Hardman	Worcestershire County Council
	Cllr David Renard	Swindon Borough Council
	Cllr Sharon Taylor OBE	Stevenage Borough Council
	Cllr Peter Marland	Milton Keynes Council

There were approximately 50 other members from local authorities present.