

Note of last Resources Board meeting

Title:	Resources Board
Date:	Monday 16 January 2017
Venue:	Room D&E, Ground Floor, Layden House, 76-86 Turnmill Street, London, EC1M 5LG

Attendance

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

Item	Decisions and actions	Action
1	Declarations of Interest The Board noted the apologies listed at <u>Appendix A</u> . There were no declarations of interest.	
2	Welfare Reform Update Rose Doran (Senior Adviser) introduced the update and explained why the LGA had commissioned the Learning and Work Institute (LWI) and Policy in Practice to undertake research on the local impacts of welfare reform, including the introduction of Universal Credit, which would inform LGA lobbying on the issue going forward. Members noted that there had been no substantial changes to the proposed welfare reforms following the change in government over summer 2016. Changes to the welfare system would be designed to realise savings of £12 billion, and this would be delivered primarily through the roll out of Universal Credit. Councils were concerned that they should be able to continue to support claimants to respond positively to the reforms, through increased employment, or reducing outgoings through housing choices. Tony Wilson (LWI) and Deven Ghelani (Policy in Practice) then presented their interim research findings on the local impacts of welfare reform to the Board. This included early findings from their recent data analysis, a review of 28 welfare reform studies, development of options, and how findings would be tested. Members noted that 9.1m households in Great Britain were receiving either tax credits, DWP benefits or Housing Benefit, and of those receiving these benefits 7m were of working age. 45% of working age households were in work, and of those 53% had children. 40% of working age households were in social rent, 29% in private rent, and 31% were not	

receiving Housing Benefit.

Welfare reform impact assessment had been undertaken for a range of local authorities. These assessments were complex as different areas and different households were impacted by different reforms, but large sample of low income households had been studied. For forthcoming welfare reform, 4 or 5 times as many households would be impacted than previous reforms brought in by the Coalition Government. Of these some would be positively impacted and some would be negatively impacted.

Households facing the hardest impact would include those not receiving Housing Benefit (mainly those on Job Seekers Allowance), large families, households in work (especially full-time work), households out of work due to disability, and households with high barriers to work, i.e. those where more than half face two or more barriers to work. If you are a higher earner, and an owner-occupier, you are likely to be more negatively impacted, although the private rented sector would be hardest hit, and would continue to be.

In the discussion which followed the following points were raised by Members:

- Members suggested that further case studies would be useful to fully understand the impact of forthcoming welfare reforms. LWI and Policy in Practice were currently developing case studies to describe typical households.
- Members raised concern that the people who would be hardest hit by the reforms were those in work and not on housing benefit. It was explained that owner-occupiers would be impacted by how mortgages were impacted. Those in social housing would be affected less than those in the private rented sector.
- In response to a question it was confirmed that it was difficult to quantify what behavioural changes would result in the biggest positive impact for residents. There was no behavioural employment evaluation of the benefit cap, and there was not a great deal of behavioural response on the employment side. Housing was complex, but research had been undertaken to see how far change was driven by the market.
- Regarding the impact of factors such as the UK's exit from the European Union, it was currently too early to tell if welfare figures would be impacted by a potential economic downturn or increase in employment as a result. Predictions for 2020 onwards would be reworked accordingly.
- Members raised concern that people with mortgages and on Job Seekers Allowance would be negatively impacted by welfare reforms. It was explained that councils should look at how services could be delivered in different ways in different areas, and options could be trailed to ensure different types of households were receiving appropriate levels of support.
- In response to a question on council tax collection rates, it was highlighted that councils could potentially see a decrease in collection rate from those who had been negatively impacted.

- As reforms progressed, councils would have to look at how they engaged with the private rental sector. This was already a significant issue, but if councils were unable to build more council housing they would have to look more closely at private rents.
- It was agreed that councils were the best drivers for reform, and were proven to reduce costs and get people back into work. There was a case that services such as Job Centre Plus could be delivered better locally than through the DWP.

Decision

The Resources Board **noted** the updates provided in the report and presentation.

Actions

Officers to progress work following Members' steer and report back to the Board at a future meeting.

Slides of the presentation to be circulated following the meeting.

3 Workforce Update

Jon Sutcliffe (Senior Adviser, Workforce Policy and Strategy) introduced the report which set out key workforce policy developments over the last period. Members noted that the review of the National Joint Council (NJC) pay spine was underway and a Joint Working Group with the unions had been established.

Following the discussion on sleeping-in payments at the previous meeting it had been agreed by Lead Members of the Board to keep a watching brief over the issue and await further developments. The issue had also been considered by the Public Accounts Committee and a further report on the issue would be considered by the Board at a future meeting.

There was concern that some councils had expanded the National Living Wage to include contractors and this could lead to increased costs to councils. There was a productivity link to the Living Wage, and the LGA had commissioned a report from incomes and data research to look at how councils and other organisations linked productivity to what they were paying.

Decision

The Resources Board **noted** the updates included in the report.

4 Provisional Local Government Finance Settlement 2017/18

Nicola Morton (Head of Local Government Finance) introduced the report and explained that it reported on LGFA activity on the provisional 2017/18 Local Government Finance Settlement (LGFS) which had been announced on 15 December 2016, including the LGA's response to the consultation.

Members noted that no new funding had been announced in the LGFS,

but there had been reallocation within totals of funding streams, most notably a reduction of £241 million in the New Homes Bonus to pay for a one year only Adult Social Care Support Grant. The response to the LGFS had focussed mainly on the New Homes Bonus and the impact on local authorities, and the Chairman and Group Leaders would be meeting with the Secretary of State for Communities and Local Government on 19 January to discuss this. A briefing for parliamentarians would be circulated prior to the debate on the LGFS in the House of Commons.

In the discussion which followed Members raised the following points:

- Concern was raised that the reduction in the New Homes Bonus was greater than the amount authorities could raise in council tax for adult social care. This was unhelpful as councils thought they were signing up to a four year settlement, but house building authorities would be penalised.
- The LGA had undertaken good work to keep adult social care funding on the agenda as this would continue to be an increasing cost and a significant issue for local authorities. The solution was not to move money between different funding streams, but for the Government to fully fund adult social care to address the funding crisis.
- Local authorities were best placed to make decisions on local social care provision, and the service would not be better managed if it was moved to the NHS. Better funding would lead to less bed-blocking which exacerbated problems in local services for elderly and disabled people. The LGA was working with the NHS, charities and care providers to lobby for full funding of children's and adult social care.
- In addition to funding pressures, legislative pressures should be noted as a challenge for councils.
- Further work should be undertaken on preventative measures to stop people requiring adult social care in the first instance. If investment was made into prevention it would stop certain cases requiring acute care and enable them to stay in their homes for longer. A lot of work had been done in conjunction with the Community Wellbeing Board on prevention and this work would continue through the LGA Care and Health Improvement team.

Decision

The Resources Board **noted** the update on the Local Government Finance Settlement and the LGA's response to the consultation.

5 Business Rates Retention Update

Aivaras Statkevicius (Adviser) introduced the report which provided an update on the progress of the Government's work on business rates retention reform, and in particular the emerging responses to the summer consultations and the progress of the Fair Funding Review.

Members noted that the Local Government Finance Bill had been

introduced before Parliament, and included general provisions for detailed system design. The draft legislation confirmed that the multiplier could be increased in a single go rather than by tranches, and although there was no mention of a veto by Local Enterprise Partnerships (LEPs) there was still a requirement to consult. The levy on business rates growth had been abolished, and there was no mention in the Bill of the Fair Funding Review which did not require primary legislation. The second reading of the Bill would be the following week, and the finance team would be working with colleagues in public affairs to brief MPs on the LGA's key asks.

The Government had not yet formally responded to the summer consultations on business rates, but two further consultations on system design and fair funding, modelling and data collection were expected. The LGA would be organising regional events to discuss the consultations in the same way as for the previous consultations.

In the discussion which followed Members raised the following points:

- When considering business rates retention the change in the nature of work should be taken into account, with fewer retail parks and more smaller units and online businesses. It was confirmed that there would be less revenue from smaller units, and the LGA was looking at alternative incentive structures which would be a key issue for 2020 and beyond.
- Members highlighted that Combined Authority Mayors would have the power to levy a small supplement on the business rate multiplier to fund infrastructure projects, subject to the approval of business members of the relevant LEP. Respondents to the consultation thought that this approval process should be given further consideration, and should be extended to all authorities.
- Concern was raised that some properties quickly lost small business rates relief. The Government operated a transitional relief scheme, with the biggest changes to be phased in over a number of years.

Decision

The Resources Board **noted** the updates provided in the report.

6 EU Funding Working Group Update

Cllr Clarence Barrett introduced the report and highlighted that Members had previously agreed that the LGA should be more active on the key asks on Brexit. The LGA had produced an updated public briefing on EU policy which covered the five headline priorities: autonomy of local government; developing a new legal base for local government; securing investment that is currently sourced from the EU; community cohesion; and addressing place-based impacts.

The LGA would continue to brief the front bench teams in Parliament, and it was encouraging that LGA lines were forming the basis of the debate in the sector.

Members also noted that priority areas on EU funding were being taken forward by the Resources Board EU Funding Working Group. These priority areas were: Resources Board contribution to developing a new legal base for local government; securing the current quantum of funding to 2020; and post-EU exit domestic regional aid. Cllr Roger Philips had attended the December meeting of the European Structural Investment Fund Growth Programme Board for England. Since the EU referendum the LGA had maintained pressure on the Government to commit to measures to ensure that maximum number of EU funding bids were agreed and signed by the time the UK exited the EU.

Decision

The Resources Board **noted** the updates in each priority work stream of the EU Funding Working Group.

7 Minutes of the previous meeting held on 5 December 2016

Decision

The Board **agreed** the minutes of the previous meeting held on 5 December 2016.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Claire Kober OBE	Haringey Council
Vice-Chairman	Cllr John Fuller	South Norfolk District Council
Deputy-chairman	Cllr Clarence Barrett	Havering London Borough Council
	Cllr Claire Hudson	Mendip District Council
Members	Cllr James Jamieson	Central Bedfordshire Council
	Cllr Mary Malin	Kettering Borough Council
	Cllr Barry Macleod-Cullinane	Harrow Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr David Renard	Swindon Borough Council
	Cllr Rishi Shori	Bury Metropolitan Borough Council
	Cllr Sian Timoney	Luton Borough Council
	Cllr Peter Marland	Milton Keynes Council
	Cllr Linda van den Hende	Havering London Borough Council
	Cllr Simon Shaw	Sefton Metropolitan Borough Council
Apologies	Cllr Nigel Ashton	North Somerset Council
	Cllr Aaron Shotton	Flintshire County Council
	Cllr Tom Beattie	Corby Borough Council
	Cllr Sarah Hayward	Camden Council