

Note of last Resources Board meeting

Title: Resources Board
Date: Monday 3 April 2017
Venue: Rooms A&B, 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	Apologies and Declarations of Interest	
	<p>The Board noted the apologies listed at <u>Appendix A</u>.</p> <p>There were no declarations of interest.</p>	
2	Update on Housing, Homelessness and Welfare Reform	
	<p>Rose Doran (Senior Adviser – Welfare) and Nick Porter (Senior Adviser – Housing) introduced the item, which updated the Board on the LGA’s current and proposed work on housing, homelessness and welfare reform. Members in particular noted recent work on the cumulative impacts of welfare reform, and the scale of costs of temporary and emergency accommodation.</p> <p>Direct impacts included the cost of benefit administration to local authorities, and it was important that the Department for Work and Pensions considered the implications of how resources were distributed. Indirect impacts were more complex, and included welfare reforms as a catalysts for behavioural change. At the previous Board members had received a presentation on interim findings of work which had been commissioned on the impacts of welfare reform. The final report had now been received, and cumulative impacts on some households would be significant, and the LGA would be taking the work forward through the industrial strategy and the inclusive growth strategy.</p> <p>Members noted that homelessness had increased due to the loss of assured freehold tenancy, and therefore there had been a rise in the amount of temporary accommodation required to be provided by local authorities. Another main driver was affordability of housing, which had become a major factor in the years since the recession. There was a lack of emergency accommodation, and as a result councils were housing people in bed and breakfasts, which was expensive. Universal Credit posed a new challenge and cost risk to councils, and some authorities had seen spikes in rent arrears. The LGA was looking at possible innovations in temporary accommodation, and was working with the private rental sector, councils and the government to explore options.</p>	

In the discussion which followed, Members raised the following points:

- The LGA would work closely with partner organisations on generating a narrative on social justice, and advocating for existing reforms. There should also be more partnership working with government, and lobbying that taking money out of housing benefit was not sustainable, and would just push the cost elsewhere.
- Authorities who were early adopters of Universal Credit should be in regular contact with the LGA, so when issues arose they could be used as evidence when lobbying the government.
- There were a number of transitional issues, such as design of Universal Credit, and waiting times, and it was hoped a specific piece of work could be undertaken with DWP to look at issues which were arising.
- Increasing the amount of house building was also vital in reducing homelessness and the number of residents in temporary accommodation. The LGA should continue to lobby on the housing bill, and this work would be primarily led by the Environment, Economy, Housing and Transport Board. About 300,000 homes were required to be built each year for a decade to impact on cost.
- The rural impact of homelessness should be considered as a significant issue. Temporary accommodation was not always available in the same town where a family were located, and they may be forced to change school or job as a result. There was also the issue of rural public transport. In urban areas there was a similar high cost to councils in taxi fares when moving people to temporary accommodation.
- A piece of work on indirect costs of welfare reforms would be taken forward, considering the knock on impact of out of area placements or unsuitable accommodation. Officers would work with colleagues from the Children and Young People Board on the costs of homelessness, to set out the scale and shape of the problem.

Decision

The Board **noted** the update and comments would be taken on board when planning the LGA's future priorities and key policy lines related to homelessness, housing and welfare reform.

3 Business Rates Revaluation: Support Measures in the 2017 Spring Budget

Mike Heiser (Senior Adviser – Finance) introduced the report and highlighted the measures in the Spring Budget which made up a package of support worth £435m to help business in England facing significant increases in business rates bills from April 2017 as a result of the recent revaluation. The measures included support for small or rural businesses which as a result of revaluation have increased over the limit for small business rate relief, a consultation on a discretionary relief scheme which will fund £300m of discretionary business rate relief between 2017/18 and 2020/21, and relief for pubs that have a rateable value below £100,000 for one year only.

A draft consultation response to the discretionary relief scheme was included for agreement by the Board, and officers were currently waiting for the consultation document on relief for pubs which was expected soon. The government had stated that relief should be discretionary rather than mandatory, so that local authorities could shift resources between years, but DCLG would undertake a single new burdens assessment on the three measures.

In the discussion which followed Members raised the following points:

- In response to a question on if a pub would receive a business rate discount if they currently owed the council outstanding business rates, it was anticipated that this would be covered in the forthcoming consultation document.
- Concern was raised that some authorities would see all businesses have a reduction in rates through the discretionary relief scheme. The LGA had asked DCLG for a detailed calculation but this had not yet been produced. A flaw had been built into the formula so that businesses rather than the council were disadvantaged, and if they paid less business rates they would get less of a discount. It was suggested that officers could look at the impact of the distribution without a flaw in the formula, and this would be examined. Lead Members could sign off the change in the draft consultation response prior to the deadline.
- Subject to considering what the DCLG model of discretionary relief would look like without a flaw, the Board were happy to endorse the consultation response.

Decision

The Resources Board:

Noted the report; and

Approved the response to the consultation document on the design and implementation of the locally administered Business Rates Relief Scheme, subject to consideration of the impact of a distribution formula with no flaw.

Action

Lead Members to sign off on the amendment to the consultation response, and response to the subsequently submitted to DCLG.

4 Local Government Finance Update

Nicola Morton (Head of Local Government Finance) introduced the report, which highlighted the announcements in the 2017 Spring Budget with implications for local government, as well as the LGA's work on other local government finance policy matters.

The Chancellor had announced an additional £2 billion to councils in England for Adult Social Care (ASC) between 2017/18 and 2019/20, and half of this would be for 2017/18. As a result all ASC authorities would receive additional funding. A Green Paper on ASC was expected later in the year, and the LGA's funding analysis would be updated to reflect the changes.

Regarding business rates, the government had announced the setting of a

fixed time limit for appeals, for which the LGA had lobbied for some time. The Local Government Finance Bill had been introduced in January 2017, which abolished central share and levy and settlements through parliament. The government could provide for losses through appeal. There would also be powers for combined authority mayors to raise more infrastructure money. The LGA had done a lot of work to brief MPs, and had given evidence to the Bill Committee. It was expected that the Bill would move to the Lords later in the year, and become law by the end of 2017.

The government had published a consultation paper on further business rates retention, where local authorities would be able to retain some growth. This would impact on local growth zones and the provision for appeals. The deadline for responses to the consultation was 3 May, and the Task and Finish Group on Business Rates would be meeting following the Board to discuss the matter.

In the discussion which followed Members raised the following points:

- The additional money for ASC was welcomed, and it was hoped that local government would have full discretion on how this should be spent. The LGA had pushed for councils to have flexibility, but it should be spent on ASC needs, sustainability of the market, and discharges from hospital. It was hoped that the LGA would be engaged at an early stage on the ASC Green Paper.
- It was hoped that areas engaging with business rates pilots would share the details of how 100% business rate retention was working. It was confirmed that Greater Manchester was not losing Public Health funding as a result of their pilot, and no pilot areas were currently better or worse off. The Public Health ring fence would continue as before.
- It was noted that revaluation could be done every year, but the LGA was engaging on the possibility of more frequent resets. There would be further analysis on this, and it may be difficult for the LGA to take a view.

Decision

The Resources Board **noted** the report.

5 Response to Consultation on Cipfa Prudential Code for Capital Finance in Local Authorities and Cipfa Treasury Management Code of Practice

Bevis Ingram (Senior Adviser – Local Government Finance) introduced the report which set out the LGA's responses to the consultations on the Cipfa Prudential Code for Capital Finance in Local Authorities, and the Cipfa Treasury Management Code of Practice. Although the potential changes were technical, the codes were of great importance as they underpinned the capital financing framework for councils, and required a high level response. The Prudential Code in particular had been very successful for local government as it allowed councils to set their own limits according to their own needs.

Members agreed that the arrangements had worked well, provided a good

governance framework to be followed, and that the review should not fundamentally alter current arrangements. The draft consultation response was agreed.

Decision

The Resources Board **agreed** the draft response to the consultation paper.

6 EU Funding Update

Cllr Clarence Barrett, Chair of the Resources Board EU Funding Working Group, introduced the report which provided an update on securing investment currently sourced from the EU. Members noted that Article 50 had been triggered the previous week, which commenced the formal start of Brexit negotiations.

It was highlighted that in December 2016 the LGA had commissioned Shared Intelligence Ltd to provide focused independent research on EU funding, including case studies to support the case for continuation of regional aid after the UK has left the EU, and a final evidence report and policy recommendation on early thinking options for the future design of post-EU exit domestic regional aid policy in England. They had presented interim findings to the LGA and further in depth analysis would be undertaken to strengthen the case.

The LGA was also considering a range of post-Brexit options following the publication of the Government's Brexit White Paper, and these would be explored through the Working Group and reported back to a future Board meeting.

Members supported the view that the Government should continue to support regional aid as it supported vital areas such as rural economies and broadband roll out.

Decision

The Resources Board **noted** the update.

7 Workforce Update

Selena Lansley (Head of Workforce) introduced the report which updated the Board on key developments in workforce policy since the last meeting.

Members noted that the review of the National Pay Spine was ongoing, but the process was lengthy and a total increase of 3% would not meet the National Living Wage by 2020. A collective agreement by the Employer's Side and Unions was currently unlikely, but discussions with the Unions to date had focussed on the principles underpinning the review and how those would be translated into options.

- In response to a question on the London Living Wage it was highlighted that governance arrangements came under the Greater London Council, but that the National Joint Council may be minded to include the London Living Wage in the design principles.

- National employers would have to think carefully about whether they paid the living wage to contractors. By not paying at the floor of the living wage, there could be consequences for contractors by implication.
- Members noted that due to concerns with the ongoing and late development of legislation on HMRC guidance and the online tool for assessing IR35 employment tax status, the LGA alongside SOLACE, Cipfa and Penna had called for the implementation to be delayed so HMRC could place the proper arrangements in place to ensure that reforms met the government's aims.
- Members noted that the LGA would continue to keep a watching brief on sleeping-in payments which do not count in calculations of the national minimum wage. The Community Wellbeing Board had suggested joint action on the proposal for annual audits on services commissioned by councils to make sure they were covered by the national minimum wage, and it was proposed that letters be drafted and signed off by Lead Members of both Boards. Members endorsed this approach.

Decision

The Resources Board **noted** the update.

Action

Letters to be drafted and signed off by Lead Members of the Resources and Community Wellbeing Board on annual audit new burdens.

8 Minutes of the previous meeting

Decision

The Board **agreed** the minutes of the previous meeting held on 16 January 2017.

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 Nigel Ashton	North Somerset Council
	Cllr James Jamieson	Central Bedfordshire Council
	Cllr Barry Macleod-Cullinane	Harrow Council
	Cllr Roger Phillips	Herefordshire Council
	Cllr David Renard	Swindon Borough Council
	Cllr Lynne Duffy	Wychavon District Council
	Cllr Sarah Hayward	Camden 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 Rishi Shori	Bury Metropolitan Borough Council
	Cllr Aaron Shotton	Flintshire County Council
	Cllr Sian Timoney	Luton Borough Council
	Cllr Tom Beattie	Corby Borough Council