

Resources Board – report from Cllr Richard Watts (Chair)

Local Government Finance

Technical Consultation on 2019-20 Local Government Finance Settlement

1. Our [response](#) to the [technical consultation on the 2019/20 local government finance settlement](#) was submitted in September. The Resources Board provided clearance of this response alongside the LGA Leadership Board and Executive. The consultation covered a number of areas, including dealing with 'Negative revenue support grant' in 2019/20. The Government's preferred option is to cancel the negative adjustment in 2019/20 for the 168 authorities affected at a total cost to the Government of £153 million. Other authorities will not receive any additional resources as part of this proposal.
2. Some key points in our response were to highlight the funding gap and urge the ending of council tax referenda. In addition we noted that those authorities affected by 'negative RSG' will welcome the Government's proposal to cancel the tariff/top-up adjustment in the 2019/20 settlement, and we urged the Government not to increase the New Homes Bonus threshold again. We also called for the government to increase the District Council precept limit from £5 to £10.
3. Finally, the response also included a proposal added in by Resources Board to examine an additional 'prevention precept' to be raised in shire district areas so that the same amount of adult social care precept, adjusting for differing taxbases, could be raised in a two tier area as in a unitary area. How this 'prevention precept' is used should be agreed locally.

Autumn Budget

4. The Chancellor will announce his 2018 Autumn Budget on Monday 29 October. The focus of the [LGA submission](#), was agreed by Resources Board as well as LGA Leadership Board and Executive. Our submission calls for the Government to meet the £3.9 billion funding gap facing local government in 2019/20 and to commit to a full assessment of the overall funding needs of local government in the 2019 Spending Review and guarantee to fully fund them. It also outlines 20 other short term actions the Government needs to take to help local authorities provide the services their residents need.
5. I also contributed to articles for [The Guardian](#) and [Mirror](#), as well as appearing on the [BBC's Newsnight](#), to highlight the effect funding cuts to local authorities has had on communities.

Cipfa Resilience Index

6. The Resources Board lead members agreed [a response](#) to the [Cipfa consultation on its proposals for a local authority financial resilience index](#). Since then, officers have had further discussions with Cipfa and we hope to work together with them on publishing data that is useful to councils without it being turned into a formal index or league table.

18 October 2018

IFRS 9 – “Movements on Fair value”

7. The Resources Board responded to the [Government's consultation](#) on a statutory override to the IFRS 9 accounting code. While this is a technical topic, without the statutory override some councils might be forced to make real service reductions in response to paper movements in the values of certain pooled investments. The override was something we called for, but the Government's proposal is to make it temporary. Our [response](#) calls for it to be permanent.

Business Rates Retention and the Fair Funding Review

8. I chair the Business Rates Retention and Fair Funding Review Task and Finish Group, which report to LGA Leadership Board and Executive and has further representation from the Resources Board as well as other LGA Boards.
9. LGA Leadership Board, Executive and the Task and Finish Group continue to develop LGA policy on Further Business Rates Retention and the Fair Funding Review. We have also published two modelling tools for member councils to allow them to assess the impact on individual local authorities of different needs formulae and different ways to take council tax into account as part of a new needs baseline. A tool for modelling different elements of Business Rates Retention has also been commissioned and will be published in the near future.
10. Other officer groups also continue to meet – both the Fair Funding Review working group and the Systems Design working group met in September. We hosted a successful event for councils to meet MHCLG and discuss the process to become a 75 per cent business rates retention pilot in 2019/20. Government consultations on both the Fair Funding Review and Business Rates Retention are expected in the coming quarter.

Workforce

Local Government Workforce Strategy

11. The workforce team conducted a consultation exercise on the strategic priorities for workforce development across councils over the summer. The results have provided a clear steer for the upcoming workforce strategy.

Equalities and Diversity

12. Cllr Sharon Taylor has been appointed as the LGA's first equality and diversity champion, to provide a high profile for a growing work programme. There is a particular focus on gender equality at the moment but this is being widened.

Apprenticeships Accelerator Programme

13. The LGA has secured funding from ESFA to run the Apprenticeships Accelerator Programme (AAP). A pilot phase will run from October 2018 to February 2019 providing up to 25 councils with five days of workforce development support. Following an evaluation process, a second phase is expected to launch in Spring 2019.

18 October 2018

Apprenticeship Levy: New Flexibilities

14. Following lobbying by the LGA, the government has announced a package of reforms to the Apprenticeship Levy including increasing the amount of Levy funds that can be transferred to another employer from 10 per cent to 25 per cent, and extra funding to speed up standards development. The change to the transfers policy will be effective from April 2019.

Welfare

Universal Support

15. You may have seen the [announcement](#) from the Department for Work and Pensions that, from April 2019, Citizens Advice will take on the responsibility for delivering the Universal Support service currently being delivered by councils. As both the Chair of the Resources board and a Leader, I know this news has caused significant disappointment and uncertainty for councils, and many of you have a number of questions about the practical implications for residents next year. We are in contact with DWP to relay concerns, including not receiving notice of these plans and the lack of consultation. We are seeking urgent clarification around how the new arrangements will relate to existing structures and mechanisms, as well as the support councils provide to our more vulnerable residents during Managed Migration.
16. The Resources Board are keeping a close eye on these developments and will continue to update Members. If you would like to feed in any views from your own area please [contact Rose Doran](#).

Local Government Mutual

17. The mutual has been registered under the name Local Government Mutual Limited after receiving permission from government and the FCA. LGM Management Services Limited have been appointed as the mutual manager. This is a joint venture between the LGA and Regis Mutual Management Limited. A full governance review is being undertaken to ensure the mutual is fit for purpose when providing cover to local authorities. A third director is being appointed who has FCA Approved Person status. This will allow the mutual to undertake FCA regulated activity, such as conversations with authorities who wish to consider the mutual for their future cover requirements, as soon as his appointment is registered with the FCA. An OJEU procurement is taking place for the insurances required by the mutual. Please [contact James Alexander](#) for more information.