

## **Resources Board – report from Cllr Richard Watts (Chair)**

### **Local Government Finance**

#### *Business Rates*

1. The Queen's [Speech](#) on 19 December set out the Government's agenda for the new Parliamentary session. On the day, the LGA provided a [briefing](#) summarising the new Bills of relevance to local government and outlining the LGA's initial response. The Queen confirmed that the Government would conduct a fundamental review of business rates, and in our response we urged the Government to work with the LGA and councils as part of the review. Resources Board has been commissioned by Executive to consider how to take LGA work, relevant to the review, forward. We are also calling on the Government to compensate local authorities for the impact of the business rates reliefs that were announced during the speech.
2. We are grateful to all authorities which completed the Business Rates Avoidance survey, which we have now [published](#). We estimate that avoidance stood at £250 million in 2017/18, 1 per cent of total business rates yield. However the number of councils reporting avoidance of 2 per cent or over of total yield has risen from 6 per cent to 15 per cent of respondents since we last carried out the survey in 2014. We are [calling](#) for the Government to bring forward changes to legislation to tackle this avoidance, to be implemented in April 2021, along the lines of changes proposed to come into force in Wales and Scotland.
3. Last month, the LGA's legal team won a lengthy legal battle with NHS foundation trusts. The foundation trusts attempted to claim a discount on their business rates, and rebates, on the basis that they should have been classified as charities. The LGA supported 47 councils in a collective action but the [decision](#) affects all councils. The judge found against the foundation trusts, awarding councils all costs. The decision means that councils will not have to pay NHS trusts and foundation trusts £1.5 billion in unfounded backdated business rates reliefs nor see us eligible for 80 per cent relief going forward. Our [response](#) stressed that this would have had huge implications for councils' finances, and the ruling is good news for the local services our communities rely on. The judge refused leave to appeal, but there is still the opportunity for the foundation trusts to appeal directly to the Court of Appeal.

#### *2020/21 Provisional Local Government Finance Settlement*

4. On 20 December, the Government announced the [Provisional Local Government Finance Settlement for 2020/21](#). We issued a [briefing](#) summarising the announcement and our immediate response, and a [media statement](#). The settlement confirmed an increase to Core Spending Power of 6.3 per cent, including the additional £1 billion for children's and adult's social care which recognised our view that the burden of the increasing costs of these vital services should not have to be met by council tax payers. We will be submitting a response to the settlement by the deadline of 17 January.

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E-Commerce

5. We have also published a [research report](#) we commissioned from WPI Economics on the why, what and how of a Local E-Commerce Levy. The report looks at the case for a Local E-Commerce Levy as part of a future tax system, what it would look like and how it would be implemented. Please note that this report is intended to inform and promote the debate on a Local E-Commerce Levy and does not represent LGA policy which Resources Board is still developing.

2020 Annual Local Government Finance Conference

6. Our [2020 Annual Local Government Finance Conference](#) took place this year on 7 January. I chaired the event and I think it was a great success. It featured speakers from across the political spectrum, including the Minister for Local Government and Homelessness, Luke Hall, and the Shadow Minister for Local Government and Devolution, Jim McMahon, as well as leading officials and technical experts from the sector. The Minister confirmed that the Government will consult on the Fair Funding Review in Spring 2020.

**Workforce**

Pay negotiations for mainstream staff

7. UNISON, GMB and Unite (the three trade unions representing the main bulk of the local government workforce) lodged their 2020 pay claim on 24 July 2019. The claim is for a 10 per cent pay increase, an additional day's leave and a two-hour reduction in the working week.
8. The National Employers met on 5 November and agreed to defer responding to the claim until the impact of the general election was known. Consequently, Members are currently being canvassed for their availability for a meeting in the next few weeks.
9. Since the general election, the Government published the provisional local government finance settlement (England) on 20 December and announced that the National Living Wage will increase by 6.2 per cent to £8.72 per hour on 1 April. The bottom rate in local government is currently £9 per hour. The Budget will take place on 11 March.

Schoolteachers' negotiations

10. NEOST (National Employers Organisation for School Teachers), as a statutory consultee, submitted its response to the Government's consultation on the proposed teachers' pay award of 2.75 per cent for 2019; calling for full funding from September 2019 instead of only funding 0.75 per cent of the award.
11. We also continue to lobby for funding to include 5000 teachers employed centrally by local authorities. The document detailing the pay award has now been published in the form of [STPCD for 2019](#). Following announcements made as part of the Spending Round the [STRB Remit for 2020](#) has also been published. Headlines include a starting salary of £30k by 2020 (23 per cent uplift) and the return of pay progression points.

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12. We have consulted local authorities to inform the NEOST written evidence to the STRB remit 2020. Due to the announcement of the General Election the Government has informed the STRB that they will not be able to submit their evidence in the proposed timeframe, so this process has been extended into the New Year.

#### Teachers in Residential Establishments

13. The National Employers and Teachers Side of the JNC for Teachers in Residential Establishments have reached agreement on a 2.75 per cent increase in allowances for 2019.

#### *Police Staff*

14. The National Employers for Police Staff have reached a Pay Agreement with the Trade Union Side for 2019. This consists of a 2.5 per cent increase on all pay points and on Standby Allowance, an increase in the bottom pay point from £17,262 to £17,799 and a Police Staff Council Joint Circular to promote the TUC 'Dying to Work' Charter.

#### Apprenticeships

15. The Government published reporting data for councils' performance in the second year of the Public Sector Target (18/19) in November. Local authorities created just over 16,000 apprenticeships in 18/19, up 45 per cent on 17/18 and over 10,000 more than the sector managed in 16/17 before the apprenticeship levy was introduced. This increase has been achieved despite local authority headcounts falling by 8 per cent since the target was introduced.
16. The LGA Apprenticeships team launched their Action Learning Programme for local government in October, with five groups meeting four times between October 2019 and February 2020. Places 'sold out' within four days. The team has also launched its webinar programme for the sector; published its 'Apprenticeships in Schools' Toolkit; and launched a new programme – the Apprenticeship MOT. The MOT process involves a visit to a council from the LGA's apprenticeships adviser who carries out a 'mini-review' of the council's performance against the LGA's Apprenticeships Maturity Model and produces a short report with recommendations for the council to focus on to grow its programme.
17. Work on the Apprenticeships Accelerator Programme (supporting 37 councils across 34 projects through on-site consultancy support to help them spend their apprenticeship levy and get the best return on investment) continues and is expected to complete in March 2020.
18. Across all the elements of our apprenticeships programme, the team has engaged with 106 out of 150 upper or single tier councils at least once (via participation in the Apprenticeships Accelerator Programme, carrying out an MOT, joining an action learning group or attendance at a webinar).

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Consultation on Migration Policy

19. Following discussions with lead members of the Board it was agreed that the LGA should submit a response to the Migration Advisory Committee's consultation on future migration policy. The consultation is focused on an "Australian style points-based system". A submission was agreed by the members' Brexit Task Force on behalf of councils as employers and was sent with a covering letter from Councillor Kevin Bentley.

Surveys and data

20. Most of our information on key HR indicators, such as sickness absence, has until now been collected through our annual workforce survey which has resulted in a lag in availability of data to councils. We have now begun collecting the data through quarterly returns to LG Inform, allowing the development of an HR benchmarking club which has just been launched. This will help councils to prepare tailored reports based on their own requirements. It will also allow us to focus the annual survey on key policy issues.

**EU Funding and Successor Arrangements**

21. It is now clear that the UK will leave the EU by 31 January 2020, and will continue to participate in the entire ESIF Programme 2014-2020.
22. Through membership of the Growth Programme Board, the LGA continues to lobby for current EU funding to be spent locally and in full before the UK leaves the programme by the end of December 2020. We continue to highlight the impact of a gap between the end of the ESIF programme and the delayed start of the UK Shared Prosperity Fund.
23. The LGA continues to call for the UK Shared Prosperity Fund to be a localised, place based fund as part of the wider preparedness work for the UK's exit from the EU.

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