

Resources Board – Report from Cllr Richard Watts (Chair)

Local Government Finance

Final 2021/22 Local Government Finance Settlement

1. The Final Local Government Finance Settlement for 2021/22 was [published](#) on 4 February and approved in Parliament on 10 February. There were no major changes compared to the provisional settlement published in December 2020. More than 85 per cent of the potential core spending power increase next year is dependent on councils increasing council tax by the maximum permitted without a referendum.
2. Allocations of the Public Health Grant for 2021/22 have not yet been announced.

Chancellor's Budget 2021

3. The Budget was delivered by the Chancellor on 3 March. Officers produced an [on the day briefing](#) summarising the key announcements from the Budget.

New Homes Bonus Consultation

4. The Government launched a [consultation](#) on the future of the New Homes Bonus (NHB) on 10 February. The consultation sets out options for reform to be implemented from 2022/23 onwards and confirms that while legacy payments committed in previous years will be honoured, the concept will not be reintroduced.
5. The consultation seeks views on the reform of existing elements of the NHB, such as the Affordable Homes Premium and the 80/20 split between shire districts and county councils, as well as views on proposed new conditions. The Resources Board discussed the consultation at their meeting on 2 March and this will inform the LGA's response.

Business Rates Review

6. On 19 February the Treasury [announced](#) that an interim report of their Review of Business Rates, along with a summary of responses to the [Call for Evidence](#), would be published on 23 March with the final report being published in Autumn 2021. The Business Rates and Local Government Finance Reform Task & Finish Group will continue to oversee this work.

Capitalisation

7. On 10 February the Government published details of capitalisation directions for four local authorities that have requested exceptional financial support during the COVID-19 pandemic. This will enable Bexley, Eastbourne, Peterborough, and Luton to use capital resources and borrowing to support their spending.

COVID-19

8. The LGA continues to receive access to data from the monthly returns submitted to MHCLG on the financial challenges arising from COVID-19, which based on the January data amounts to over £10 billion of in-year pressures (cost pressures and non-tax income losses), with a further £3 billion of local tax income losses, impacting budgets in 2021/22. This is prior to considering mitigating factors and Government support provided so far.
9. Alongside the final settlement, the Government confirmed [allocations](#) of the £670 million of local council tax support for 2021/22, and that the extended sales, fees, and charges compensation scheme for the first quarter of 2021/22. COVID-19 funding for local government in 2021/22 also includes £1.55 billion for cost pressures.
10. The Public Accounts Committee is [calling for evidence](#) on the evolving financial pressures on local government and support provided by central government in the context of the COVID-19 pandemic. We will respond to this inquiry by the 11 March deadline.

Financial sustainability

11. The Housing, Communities and Local Government Select Committee is carrying out an inquiry into [Local Authority Financial Sustainability and the Section 114 Regime](#). Resources Board Lead Members approved a [submission](#) to the inquiry and I gave oral [evidence](#) to the committee on 8 February alongside the Chief Executive of CIPFA.

Green Book

12. As part of its [review of the 2020 Spending Review](#), the Treasury Select Committee has issued a call for evidence on changes to HM Treasury's Green Book. Resources Board Lead Members approved a submission to this inquiry. While noting that the Green Book process remains centrally driven overall, we welcomed the intention to take a more rounded approach to reflecting on local policies, strategies, and plans.

The Public Sector Audit Appointment (PSAA) consultation

13. The Public Sector Audit Appointment (PSAA) closed their consultation on [audit scale fees for 2021/22](#) on 19 February. Our [response to the scale fee consultation](#) was approved by Resources Board Lead Members and was supportive of PSAA's proposals but highlighted that a great deal of information will still be unknown leaving councils (and auditors) with a lot of uncertainty.

Workforce Update

Local Government - Pay 2021

14. The NJC unions (UNISON, GMB and Unite) have lodged pay and T&Cs claims for local government ('Green Book') staff for 2021 which seek a 10% pay award and a range of improved terms and conditions. Councils will be consulted during March at the usual round of [virtual] regional pay consultation briefings. The National Employers will then consider feedback from those events before responding formally to the unions. The National Employers met on 18 February and will respond formally after the local elections of 6 May.

Fire Pay 2021 & Core Code of Ethics

15. The pay settlement dates for the two fire negotiating bodies are 1 January for senior managers and 31 July for uniformed employees. A claim has not yet been received in respect of the former. Early discussions are underway in respect of the latter. Fire and rescue authority Chairs and chief fire officers will be consulted in due course.
16. The LGA is working in partnership with the National Fire Chiefs Council and Association of Police and Crime Commissioners to develop a fire service Core Code of Ethics. Launch of the Core Code is currently expected at the end of March and will include support for implementation at local level.

Education - Teachers' Pay 2021

17. Councils had the opportunity to respond to national employers (NEOST) written response to independent pay review body (STRB) which was signed off by members and submitted on 17 February. You can read the main submission [here](#).

Soulbury

18. The Staff Associations on the Soulbury Committee have submitted proposals for a review of pay spines and structures which the National Employers will consult on.

Youth and Community

19. The National Employers will coordinate a joint workforce survey of local authorities and voluntary providers over the next month, including a gender/ethnicity pay audit.

Public Sector Exit Payments – Judicial Reviews

20. HM Treasury issued Directions on 12 February disapplying sections of the 'Restriction in Public Sector Exit Payments Regulations 2020', after a review of the impact of the regulations brought to light 'unintended consequences'.
21. The directions effectively 'switch off' the cap for all employees who leave after that date. Government intends to revoke the regulations as soon as parliamentary time allows but further provisions will be made to restrict 'unjustified' payments 'at pace'.
22. HMT has issued guidance 'encouraging and expecting' employers to revisit leavers since 4 November 2020 and make payments as if the cap was not in force. HMT issued a statutory instrument revoking the regulations however, there remains a lack of clarity over the process for reviewing capped exits.
23. The Judicial Review hearings planned for March (in which the LGA has been named as an interested party) remain in place until the appellants agree to withdraw their applications.
24. MHCLG is expected to announce their consultation on further reforms is complete and no further action will be taken until a new consultation is issued. They are also expected to withdraw the recommendation to withhold unreduced pensions made in their letter of 28 October 2020. We will issue updated guidance to employers when we have further clarifications from HMT and MHCLG.

Apprenticeships

25. [‘Skills for Jobs’](#), the government’s Further Education White Paper was published in January. It re-confirmed the government’s pre-existing approach to apprenticeships and announced new plans to reform further education funding and give new powers to the Education Secretary to intervene in colleges. A consultation will follow later in the year.
26. The second iteration of the LGA’s Apprenticeships Action Learning Programme was launched in January to support officers from 45 councils in five groups through to July 2021, focusing on issues like workforce development, leadership and culture and engagement.

Social Work

27. The National Social Work Healthcheck Report was launched at an LGA webinar on 17 February attended by 161 social work professionals and chaired by the Chief Social Worker for Adults. The report is based on over 9,000 responses from social workers across 133 councils. Each participating council has already received a bespoke report and will receive a more in-depth report by the middle of March 2020.

Recruitment Talent Pools

28. *Environmental Health Together*: This talent platform went live at the end of October. So far, 212 qualified EHOs and 109 councils have subscribed. Councils can use this resource free of charge to help support their busy Environmental Health teams.
29. *Social Work Together*: This LGA talent pool has over 1,000 qualified social workers registered, and 108 councils subscribed. Councils can use this resource free of charge to help support their Social Work teams and avoid agency costs by employing directly.

Return to Work Programmes

30. *Return to Legal*: Councils who have signed up to the programme can now contact qualified and experienced candidates.
31. *Return to Planning & ICT*: Candidates are still completing their training on both programmes and will be provided with council vacancies in March 2021.
32. *Return to Social Work*: Many candidates have already been offered roles, but there are still some candidates looking for a placement and a role within local government.

Extension of Ban on Exclusivity Clauses

33. The [Government issued a consultation on a proposed extension of the ban on exclusivity clauses](#) in employment contracts that prevent employees from working for another employer. The Government propose to extend the ban to cover those earning less than the Lower Earnings Limit (£120 a week). As use of such clauses is rare in our sector, the LGA have submitted a response in support of the proposal.

Reforming post-termination non-compete clauses

34. The Government has also [consulted on reforming post-termination non-compete clauses](#). The proposals would remove barriers to innovation and employment opportunities and are primarily aimed at the private sector. The public sector is recognised as being different due to the use of Business Appointment rules (or an equivalent), though Government will consider any read-across or impact on the public sector, potentially leading to further consultation. As

there is no evidence these clauses are in wide use in our sector, the LGA's brief response referred to relevant sections of the Chief Executives' Handbook.

Support for Low Income Households

35. The LGA continues to work with a growing number of councils and partners on 'reshaping financial support'. A report and evaluation from the programme will be published at the end of March. The reports will highlight and explore a wide range of local practice and partnership work including local welfare schemes, debt advice and support and access to affordable credit and financial services.
36. We have worked closely with the Department for Work and Pensions (DWP) on the implementation of the £170m Winter Grant, and they have just confirmed that further funding will be available for the Spring. We have developed a range of case studies that demonstrate the range of efficient and effective ways councils have used this money to prevent hardship and maintain resilience. We continue to press Government on the need for sustainable funding for local welfare schemes of at least £250m per annum to secure preventative support for low income households as we move towards economic recovery.
37. The Department for Health and Social Care (DHSC) have confirmed that that the Test and Trace Support Payment (TTSP) scheme is to be extended until 30 June and that the eligibility criteria are expanding to allow one parent or guardian to receive support if they have to take time off work to care for a child who is self-isolating. Funding available to English councils for discretionary payments is also increasing to £20 million per month through to the 30 June. MHCLG have also announced funding for non-financial support. We are currently working with both departments to ensure that guidance and objectives for financial and non-financial support are aligned as closely as possible.
38. We are pleased to see that the Government intends to keep in place the £20pw Universal Credit uplift for a further six months. This must be kept in place for as long as it is needed to ensure that the national benefits system is the principle source of support for low income households. We are discussing with DWP the need to review the vital role of councils in the welfare system, including the role of discretionary funding and support for claimants.

EU Funding

39. Through the Growth Programme Board and Performance and Dispute Resolution National Sub-Committee, the LGA has monitored the performance of the European Structural and Investment Fund to ensure that England receives the full amount and that it is spent in local communities to help local economies recover. The LGA continue to work with members to help shape the use of the reserve fund to support economic recovery.
40. Following calls by the LGA, there have been signs that capacity has improved to help ensure all the remaining ESIF funds are spent and delivered by the programme's end in 2023.

Contact officer:
Position:
Phone no:
Email:

Sarah Pickup
Deputy Chief Executive
02076643109
sarah.pickup@local.gov.uk