



## Resources Board – Report from Cllr Andrew Western (Chair)

### Local Government Finance

#### *Cost Pressures*

1. Since publishing the outcome of our cost pressures modelling in the summer – highlighting the additional [£2.4 billion of cost pressures](#) councils face in 2022/23 inflation has increased to around 10 per cent. The LGA Chair and Vice-Chairs [wrote to the new Prime Minister](#) outlining the financial challenges facing local government, as a result of inflation and the National Living Wage, and called on the Government to meet these pressures with additional funding for councils. These issues will be reflected in the LGA's Autumn Budget submission prior to an Autumn fiscal event. This will include the results of a survey of a sample of councils on the financial pressures facing councils.

#### *Funding for Adult Social Care Reform*

2. Lead Members of Resources Board cleared a response to [DHSC's consultation on "Distribution of funding to support the reform of the adult social care charging system in 2023 to 2024"](#). This consultation focussed on the distribution of funding for the extension to the means test, the cap on care costs and for implementation and additional assessments. [We called on the Government](#) to provide adequate, sustainable, and long-term funding for all council services, to ensure social care reforms are properly funded, and to defer elements of the proposals. We also point to the need to use the best available data and to ensure that where there is evidence to suggest authorities are underfunded, they are provided with additional funding.

#### *IFRS9*

3. Resources Board has approved a [response](#) to the [consultation on the future of the statutory override for International Financial Reporting Standard 9 \(IFRS 9\)](#). The override means that councils do not have to reflect fluctuations in the values of pooled investment funds in their revenue accounts in the short term. We argue that as a minimum the statutory override should be extended, and preferably should be made permanent.

#### *Local Audit*

4. Resources Board approved responses to three consultations on proposals designed to improve the current crisis in local audit. The first is from the [Public](#)



[Audit Forum](#), on revisions to recommended practice for auditors of public sector bodies. We [point to suggestions](#) that could help to alleviate the pressure on local audit.

5. The second is the [annual CIPFA consultation on the Code of Practice on Local Authority Financial Reporting \(2023/24\)](#). We [reinforced points](#) made in consultations earlier this year on temporary changes to the accounting code; on [professional valuations of operational equipment](#) and [changes to accounting for infrastructure assets respectively](#). These were proposed to respond to problems with finalising local authorities' accounts but have not yet been implemented. The latest response argues that these changes should continue in future versions of the code.
6. Finally, the LGA responded to [a consultation from Public Sector Audit and Appointments \(PSAA\) on the 2022/23 audit fee scale](#), which is for the final year of fees under the existing audit contract. The [response](#) agrees with PSAA's proposals and urges them to provide as much information and guidance on the likely fee levels under the new contract (from 2023/24) as soon as possible, to help councils with their financial planning.

### *Business Rates Retention*

7. In our [response](#) to a [consultation on technical adjustments to the Business Rates Retention system](#) to reflect the 2023 business rates revaluation and transfers from local lists we agree that starting from the approach used for the 2017 revaluation is correct. We recommend that any adjustments for appeals and reliefs should be kept under review.

### *Digitalising Business Rates*

8. Resources Board approved a [response](#) to the Government's [consultation on digitalising business rates \(DBR\)](#). The proposal is to consolidate business tax information, linking business rates to other tax data. We support DBR in principle and welcome the commitment to not materially alter the roles of different parts of government. We used the opportunity to raise concerns about compliance and urge the Government to tighten up rules around avoidance as well as fund any new burdens arising from the proposals.

### *Local Government Pension Scheme Climate Risk Reporting Consultation*

9. DLUHC has [launched its consultation](#) regarding governance and reporting of climate change risks in the LGPS. The consultation seeks views on proposals to require LGPS administering authorities in England and Wales to assess, manage and report on the climate-related risks of their pension fund



investments, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closes at 11:45pm on 24th November 2022.

## Workforce

### *Local Government Pay 2022-23*

10. Pay claims for 2022-23 were received from the three local government unions in June 2022. In July, the National Employers unanimously agreed to make a one-year final offer to deliver a £1,925 increase on all NJC pay points, an increase of 4.04 per cent on allowances (both effective 1 April 2022), an increase of one day to all employees' annual leave and the deletion of NJC pay point 1 (these latter two points effective 1 April 2023).
11. Final offers of £1,925 increase on basic salary for all Chief Officers and Chief Executives were also made.
12. Union consultations are ongoing, though UNISON members voted by 63.5 per cent to 36.5 per cent to accept the offer in September 2022. Unite's membership consultation will close on 14 October (they have made a recommendation to their members to reject the offer) and GMB's will close on 21 October (no recommendation made).

### *'Red Book' Employees Pay*

13. The National Employers' full and final pay offer of a 1.75 per cent increase on all basic salaries and allowances, backdated to 1 April 2021 was finally accepted on 18 August 2022.
14. An offer for 2022-23 has now been made by the National Employers offering, with effect from 1 April 2022, an increase of £1,925 on basic salary and an increase of 4.04 per cent on all allowances.

### *Youth and Community Workers' Pay*

15. Agreement was reached in July 2022 for a 1.75 per cent increase on all spinal column points on the Youth and Community Support Worker Range and the Professional Range effective from 1 September 2021 and an increase of 1.75 per cent on the London Area Allowances and Sleeping-in-Duty Allowance from 1 September 2021. A pay claim for 2022 has been received and will be consulted on.

### *Fire and Rescue Service Pay*

16. On 4 October the fire and rescue service National Employers made a final pay offer for Grey Book employees across the UK (uniformed staff, e.g.



firefighters) of 5 per cent on all basic pay points and continual professional development payments. The employees' side will now consider the offer.

### *Teachers' Pay 2022*

17. The Department for Education (DfE) has published its response to the STRB's 32<sup>nd</sup> Report. The headline is a five per cent increase for most teachers and all leaders, with bigger increases for early career teachers (max 8.9 per cent outside London). The government remains committed to reaching a starting salary of £30k. The DfE feels this is affordably within the cost envelope already committed to schools, so there is no additional funding despite the higher-than-expected increase.
18. The LGA consulted on these proposals to inform the national employers (NEOST) response back to Government. The NEOST board agreed their response which has now been published, welcomes a number of the commitments (particularly the starting salary and the one-year proposal) while raising some concerns about whether the proposal is affordable for all schools in maintaining educational standards, and concerns about the timing of the consultation period again.
19. The full response from NEOST is available [here](#).

### *HMRC Mileage Rates*

20. At the last Resources Board meeting, a paper was tabled seeking clearance to write to Treasury Ministers to request an urgent review of HMRC mileage rates. The LGA had received representations from councils highlighting the negative effects on staff being caused by the 11-year freeze in rates in light of soaring fuel prices and the wider cost of living crisis. A letter in Cllr Western's name was sent in July.
21. In a response from Exchequer Secretary Alan Mak received on 5 September (and included in full as Appendix 1), the minister restates the existing policy around the setting of mileage rates and indicates that these rates are kept under review with any changes considered by the Chancellor and announced at fiscal events. It therefore does not appear that any review is likely to be forthcoming, though we may wish to consider raising this issue again in communications with ministers in the new government.

### *Public Sector Exit Payments – HM Treasury consultation*

22. On 8<sup>th</sup> August HM Treasury published a consultation on a new controls process for high exit payments in the public sector. The consultation does not apply to local authorities but applies to bodies classified as "central government", which we believe includes academies, and non-departmental public bodies (including, for example, the Environment Agency).



23. The new approvals requirement will apply to decisions by employers to agree the exit of an individual where the payment to be made on exit, including relevant statutory contractual or discretionary payments, would be more than £95,000. We, as well as Department for Education officials, are seeking clarification from HM Treasury as to whether or not the pension strain cost is included in the £95,000 (which the consultation emphasises is not a cap). The consultation closes on 17 October and any LGA response will be cleared through the usual processes.

### *Emergenetics*

24. A pilot programme has been launched for five councils (Essex, Peterborough, Tandridge, Tower Hamlets and Warwickshire) for the LGA's new Emergenetics offer. The programme will enable teams to understand one another's thinking and behavioural preferences within a work environment to build more collaborative, high performing teams. Each team will receive individual psychometric profiles and training on how to utilise these tools to work more effectively together.

### *Workforce Planning*

25. The workforce planning support network that was launched last year to support workforce planners from an initial 70 councils has now been opened up to all councils to join.
26. We have launched our 2022-23 workforce planning support offer to provide support to Principal Social Workers in ten councils to undertake workforce planning.

### *Apprenticeships*

27. On 22 July the LGA wrote to the new Minister for Skills, Further and Higher Education, Andrea Jenkyns on behalf of the chairs of the three LGA boards that have an interest in apprenticeships and skills policy – Resources, City Regions and People and Places – to welcome her to her new role, highlight some of the LGA's policy positions in this space and to request a meeting. We also took the opportunity to raise once again an ongoing issue where non-maintained schools are prevented from accessing apprenticeships funding if they are part of a Pooled PAYE scheme, often run by a local authority.
28. In her reply on 18 August, the minister agreed to our request for a meeting, though responded less positively on finding new solutions for the Pooled PAYE issue, merely restating the current list of workarounds, none of which councils can make work effectively to unblock the issue. Now that the minister has been confirmed in post as part of the new government, we will be taking steps to secure a date to meet with her to discuss this and the full range of LGA apprenticeships and skills issues further.



## Support for Low Income Households

### *Welfare reform*

29. The Chairman wrote to the Chloe Smith, MP, the new Secretary of State for Work and Pensions on 23<sup>rd</sup> September. The letter highlighted the need for Ministers to work closely with other departments to address the current challenges being presented by the rising cost of living, to integrate welfare policy with key areas including housing and childcare. The letter also noted the need for a fair and effective national benefits system, that meets real living costs.
30. Portfolios for junior ministers in the Department for Work and Pensions are still being finalised and Cllr Andrew Western will write to them on behalf of the LGA as soon as these are confirmed
31. The LGA's [response to the Rough Sleeping Strategy](#) said that Government should review existing welfare policy measures, including the Shared Accommodation Rate and the freeze to the Local Housing Allowance, to ensure that they are delivering the intended policy outcomes in the current economic context.
32. The LGA continues to work closely with councils and the Department for Work and Pensions on the implementation of Universal Credit. DWP are now including regular updates on 'Move to UC' in LGA bulletins. We are in the process of identifying a new Chief Executive to represent the sector at the Universal Credit Programme Board and to work alongside LGA officers and members in discussions with the department on welfare policy and delivery.

### *Cost of Living Pressures*

33. The LGA is continuing to take a cross-cutting approach to working with councils, Government and partners on the impacts of cost of living pressures on households and communities. This sits alongside our closely related work on cost pressures for councils and the impact on the local government workforce.
34. We have developed a range of tools for the sector including a [Cost of Living Hub](#), a monthly bulletin and a series of webinars
35. Forthcoming webinars include [Hunger and health – addressing children's food insecurity](#) and a session focusing on [Warm Spaces](#), an initiative that was first developed by councils including Bristol and Gateshead, and is now being implemented by growing numbers of places across the country.



36. In July, we submitted [a response to a call for evidence from the APPG on ending the need for foodbanks](#). This set out a number of our key asks on the role of councils and partners in supporting people with the impacts of cost of living pressures, as well as our proposals for improving financial resilience in the longer term.

### **Contact details**

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