

Resources Board – Report from Cllr Pete Marland (Chair)

Local government finance

Spring Budget 2023

1. On 15 March, the Chancellor delivered the 2023 Spring Budget. There were no announcements of new funding for councils to support revenue spending on core services such as adult social care and children's services. Overall core funding for councils is unchanged.
2. There were, however, a number of other announcements that were relevant to local government finance. These included announcements on business rates including a commitment to consult on measures to combat business rates avoidance and evasion which the LGA has lobbied on for a number of years. The Government also announced a new discounted PWLB rate to support councils with Housing Revenue Accounts with the delivery of social housing. The LGA issued a [press reaction](#), as well as an [on-the-day briefing](#) which summarised the announcements for council leaders, chief executives and chief finance officers.
3. The absence of any additional core funding for the sector in the Budget was not unexpected given then the increase in core spending power provided to the sector in the 2022 Autumn Statement and 2023/24 Local Government Finance Settlement. Nonetheless the sector's finances continue to be under pressure and uncertain. The LGA continues to push the Government to provide clarity on local government finance reforms such as the financial implications of Extended Producer Responsibility, the Fair Funding Review, business rates reset and the New Homes Bonus and ensure no authority loses out from the Fair Funding Review.

Business Rates

4. At the Spring Budget the Government confirmed it would go ahead with reforms to business rates including three-yearly revaluations, measures for ratepayers to give information to the Valuation Office Agency (VOA), a new one-year improvement relief, changes to the revaluation transitional relief, and a removal of the six months' time bar on discretionary relief after the end of the financial year to which it relates. These measures are contained in the [Non-Domestic Rating Bill](#) which had its Second Reading in the House of Commons on 24th April. The LGA issued a [briefing](#) for this and for the Committee Stage of the Bill which took place on 22nd May. The explanatory notes to the Bill confirm that the Government will provide compensation to local authorities in line with existing processes.

Council Tax

5. Lead Members of the Resources Board signed off an LGA [response](#) to a DLUHC [consultation](#) on the Council Tax Valuation of Houses in Multiple Occupation (HMOs) which proposed that HMOs should be banded as one property and have one council tax band, other than in exceptional circumstances. The LGA response says that the Government ought to consider how to ensure that HMOs make a fair contribution to the cost of local services before going ahead with changes.

Business Grants

6. Lead members of the Resources Board signed off LGA [written evidence](#) to a Public Accounts Committee (PAC) inquiry on COVID-19 business grants; this followed the publication of a National Audit Office (NAO) [report](#). The LGA written evidence emphasised the achievements of local government in distributing £23 billion of grants to businesses and also highlighted the complexity of the schemes, the time taken for the publication of the guidance, the pressure from ministers to distribute grants to businesses before guidance was published, and the administrative burden on councils.

Council final accounts and audit

7. Resources Board Lead Members approved [written evidence](#) to the Levelling Up, Housing and Communities Select Committee enquiry into [financial reporting and audit in local authorities](#). As well as commenting on the overall usability of published accounts, the submission emphasised the need for immediate action to enable the backlog of delayed audits to be cleared and suggested some immediate measures that could be taken. This will require compromise from all involved to enable audit effort to be concentrated on matters of higher risk and importance and to spend less time on areas that have less real impact on councils. These points were also made at a roundtable to discuss the crisis in local audit hosted by Lee Rowley, the Local Government Minister, and attended for the LGA by myself and Cllr Jamieson, the Chairman of the LGA along with other representatives from the sector and the regulators. A separate roundtable was held with the audit firms.
8. Resources Board approved a [response](#) to HM Treasury's [consultation on non-investment asset valuations](#) for annual accounts purposes. The Board was very concerned about HM Treasury's proposal for valuing the specific type of asset known as infrastructure assets (for example, roads). This would be a backward step in solving the current crisis in local audit and it would mean that time and effort would be spent on preparing and auditing asset valuations where the book value of the asset has no impact on service delivery or local decision making. This would cause significant problems and additional costs for councils. We therefore called on HM Treasury to consider an alternative approach.

Capital and investments

9. In March DLUHC published the [outcome](#) to the [consultation](#) undertaken last year on the future of the statutory override to IFRS 9 (International Financial Reporting Standard 9). The override means that councils do not have to reflect nominal (or “paper”) fluctuations in the values of pooled investment funds in their revenue accounts and so do not have to cover these with real money in the short-term. In [our response](#) to the consultation, which was approved by Resources Board Lead Members we had argued that the override should be extended or preferably made permanent. The consultation outcome shows the vast majority of respondents (nearly 90%) agreed with us. The override has been extended for two years through a [statutory instrument](#) but it is still not clear what is going to happen at the end of the two-year extension period, so we will continue to discuss the future of the override with DLUHC.

Workforce and pensions

National Living Wage and Impact on Local Government Pay

10. The Low Pay Commission has issued their annual consultation on the National Living Wage (NLW) rate that will come into force on 1 April 2024. We are in the process of drafting the LGA’s consultation response ahead of the 9 June 2023 closing date.
11. The forecast for the NLW rate has gone up again. The upper estimate of their projected rate for 1 April 2024 is now £11.43, which is 8p higher than their last forecast, while the central projection of £11.16 is also up 8p on their last forecast (both made in October 2022 when the LPC confirmed the 1 April 2023 rate).
12. If the local government 2023 pay offer (see below) is eventually accepted, we would achieve a bottom rate of £11.59 on the new pay scales, leaving 16p headroom on the upper estimate of the NLW (which has been the closest to the actual NLW rate announced in the Autumn in the past few years). This year we had 18p headroom, so despite a pay offer that is proportionately higher at the bottom end of the pay spine we are still effectively standing still.

Local government services (‘Green Book’) pay 2023-24

13. The National Employers recently made a full and final one-year (1 April 2023 to 31 March 2024) pay offer to the unions representing local government services ‘Green Book’ employees (UNISON, GMB and UNITE):
- With effect from 1 April 2023, an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive
 - With effect from 1 April 2023, an increase of 3.88 per cent on all pay points above the maximum of the pay spine but graded below deputy chief officer (in accordance with Green Book Part 2 Para 5.42)

- With effect from 1 April 2023, an increase of 3.88 per cent on all allowances (as listed in the 2022 NJC pay agreement circular dated 1 November 2022)
14. This offer would achieve a bottom rate of pay of £11.59 with effect from 1 April 2023. Everyone on the NJC pay spine would receive a minimum 3.88 per cent pay increase, with those on pay point two receiving a 9.42 per cent. Had this offer been accepted, it would mean an employee on the bottom pay point in April 2021 (earning £18,333) would have received an increase in their pay of £4,033 (22.0 per cent) over the two years to April 2023. For an employee at the mid-point of the pay spine (pay point 22), their pay will have increased over the same period by £3,850 (13.99 per cent).
15. On 8 March 2023, the unions met with the National Employers where they sought a 'significant improvement' to the offer. This was rejected by the National Employers who reaffirmed their offer as full and final. Consequently, the national committees of all three unions rejected the employers' final offer.
16. UNISON did not consult its members on the pay offer, but instead will move straight to a formal ballot for industrial action, which starts on 23 May and will close on 4 July. UNISON will be balloting on a disaggregated basis, which means strike action could be taken at each individual council / school where a turn-out of over 50 per cent is secured (if members vote in favour of strike action). If UNISON meets the threshold for lawful industrial action to take place, its timetable means strike action may not start in councils until August and in schools from September. GMB rejected the pay offer by 64 per cent to 36 per cent and said it "plans to move to industrial action ballots in some areas." Unite rejected the pay offer by 75 per cent to 25 per cent and plans to conduct a formal ballot for industrial action, which is expected to run from late May to early July.

Local authority craftworkers ('Red Book') Pay 2023-24

17. The National Employers have made the following, full and final one-year (1 April 2023 to 31 March 2024) offer to the unions representing Craft JNC National Agreement ('Red Book') staff as follows:
- With effect from 1 April 2023, an increase of £1,925 on basic salary
 - With effect from 1 April 2023, an increase of 3.88 per cent on all allowances (as listed in the 2022 JNC pay agreement circular dated 10 November 2022)
 - With effect from 1 April 2023, an increase of £1,925 on annual salaries for all Craft employees who are paid the specific annual salaries as set out in the Craft JNC 2022 pay agreement
18. Unite rejected the pay offer by 76 per cent to 24 per cent and plans to conduct a formal ballot for industrial action, which is expected to run from late May to early July. GMB rejected the pay offer by 59 per cent to 41 per cent and is deciding its next steps.

Local authority chief executives and chief officers

19. The National Employers made full and final one-year (1 April 2023 to 31 March 2024) offers to the trade unions representing both local authority chief executives and local authority chief officers of, with effect from 1 April 2023, an increase of 3.5 per cent on basic salary.
20. GMB and UNISON accepted the employers' offer of 3.5% for Chief Officers on 4 May. That award can now be implemented to the relevant employees.
21. The Officers' Side is yet to respond formally to the National Employers' full and final offer for Chief Executives.

Coroners' Pay

22. Agreement has been reached within the Joint Negotiating Committee for Coroners that with effect from 1 April 2022, local salaries and day rates for individuals derived from the JNC arrangements will be increased by 1.56 per cent.

Fire and Rescue Service Pay

23. Agreement has been reached within the National Joint Council for Local Authority Fire and Rescue Services on a two-year pay deal covering uniformed employees from firefighter to middle managers. The agreement, which provided a 7 per cent increase backdated to July 2022 and a 5 per cent increase with effect from July 2023, also ensured that strike action would not take place. Additional points raised in the employees' side pay claim covering Retained Duty System firefighters, emergency fire and rescue control employees, pay progression, new roles, and the continuous professional development scheme will also be explored. All the points were already of interest to the employers' side and this joint work will commence shortly.
24. Senior fire service managers within the scope of the National Joint Council for Brigade Managers have been given a further offer. This followed rejection of an offer which would have provided a 4 per cent increase for 2022 (capped at £5,000) and a 3.5 per cent increase for 2023 (capped at £4,000). While the revised offer removes the caps, the percentages are unchanged. That offer is currently being considered by the employee representative body, the Fire Leaders Association. A joint meeting is scheduled for 4 May.

Teachers' Pay 2022 - 2024

25. In a bid to resolve the current trade dispute on pay and funding, which looks to reopen the 2022 award (5.4 per cent average increase, implemented as of 1 September 2022) the Government entered into negotiations with the unions outside of the established independent pay review process. The Government offered an additional fully funded one-off payment of £1,000 (pro rata for part-time teachers) for 2022, alongside an average pay increase of 4.5 per cent for teachers for 2023/24 including other non-pay elements.
26. The unions rejected this pay offer and the NEU announced two further strike

days. The NASUWT announced their intention to re-ballot staff as a result of their members rejecting the pay offer.

27. NAHT announced in April that their National Executive would meet to discuss next steps, including a formal ballot on industrial action, following rejection of the offer by their members.
28. ASCL have announced they are to hold a strike ballot during the summer term at a date to be decided. If their members vote for strike action, it is expected that this would take place during the autumn term.
29. As the pay offer has been rejected, the Government announced that teachers' pay for next year (2023) would continue to go through the [independent pay review process \(STRB\)](#) as usual.
30. We published the national employers ([NEOST](#)) written evidence to the School Teachers Review Body (STRB) in January 2023, and provided oral evidence to the STRB on 21 April 2023.
31. We now await the STRB's final (33rd) Report which is anticipated to be sent to Government by the end of May 2023. The Government is expected to publish the STRB report alongside announcing the decision on teachers' pay for September 2023 early this summer.

Consultation on Proposals to Remove Age Discrimination from the LGPS

32. DLUHC on 6 April [published](#) the outcome to the 2020 consultation on proposals to remove age discrimination from the Local Government Pension Scheme in England and Wales (LGPS). This followed the Court of Appeal ruling in 2018 that younger members of the pension schemes for judges and firefighters had been unlawfully discriminated against – known as the McCloud judgment.
33. Following consideration of the consultation responses, the Government has confirmed the steps it will be taking to resolve the McCloud age discrimination in respect of the LGPS in England and Wales. Powers to implement this approach were contained in the Public Service Pensions and Judicial Offices Act 2022, which received Royal Assent in March 2022. DLUHC has confirmed that it expects to make regulations to enact the changes in the LGPS later this year, with the changes taking effect from 1 October 2023.
34. Alongside the consultation response, DLUHC has [published](#) a helpful factsheet to assist scheme members to understand the implications of the legal ruling and the forthcoming changes to the LGPS.
35. The LGA pensions team is continuing its work supporting LGPS funds to understand the implications of the legal changes associated with the McCloud judgment.

Employer Standards for Social Workers, Occupational Therapists and Health Professionals (Health Check) Survey

36. The Social Workers survey received over 16,000 responses from 140

organisations and is now available [online](#). It will compare the standards with the previous year's survey (2021) and will summarise some key findings that have emerged from the responses, including:

- the importance of effective workforce planning systems
- dissatisfaction with continuing professional development
- unchanged perception of safe caseloads and work allocation
- the differences in responses between permanently employed social workers and social workers who are represented by an agency, are locum/interim or independently, in relation to:
 - the employer standards
 - the workplace experience
 - administrative burdens

37. Reports covering occupational therapists and social care will be published in the next few weeks.

Apprenticeships

38. The LGA has held several positive recent meetings with government to discuss proposals for reform of the apprenticeship system, including with the Minister for Apprenticeships and Skills and an officer-level meeting with DLUHC, DfE and HMT to discuss issues with the Apprenticeship Levy.

39. Issues raised include:

- Restating our calls for more flexibility in what the Apprenticeship Levy can be used to pay for. This included again calling for, as a first step, the 10% top up funding that government provides to levy payers that often goes unspent to be made available for councils to use to spend on other apprenticeship-related activity instead, which we believe would enable councils to create thousands more apprenticeship starts and help us reduce the £3.25m per month that the sector is losing in unspent levy funds back to government.
- An increase in the cap on how much levy funding employers can pass on to other employers via levy transfer from 25 per cent to 35 per cent.
- Further talks to try to fix the issue that prevents non-maintained schools that are part of council-run Pooled PAYE schemes from accessing apprenticeships funding.
- Highlighting the issues councils face in being unable to recoup costs from apprentices when they choose to find alternative employment shortly after a council has paid for their apprenticeship training via the levy.

40. Government has responded positively on the need for further dialogue to discuss these proposals in more detail. Further meetings are set to take place at both ministerial and official level over the next few months.

Child and Family Social Worker Workforce

41. A draft response to the [Child and Family Social Worker Workforce Government consultation](#) has been submitted.
42. The consultation invited comments on several solutions to reduce the reliance and associated expenditure on agency workers in the child and family services area. This is against a backdrop of more permanent social workers leaving the profession than joining. The consultation sought views on whether a national agreement to enforce a cap on agency workers' pay rates, a national procurement initiative to enable a nationwide approach to engaging suppliers a comprehensive referencing procedure amongst local authorities and the development of a standardised library of job titles should be introduced.
43. A focus in our response was to look at the core of why there is a reliance upon agency workers and what could potentially be done to encourage more people into the profession; options such as the use of apprenticeships, clear career pathways, more advertising on a 'profession' basis in the same way that teachers roles have been advertised and by introducing a 'passport' which confirms individuals have attained agreed levels of competencies and skills to be considered for the next step in their career and which are transferrable amongst authorities.

Support for low income households

44. Councillor David Leaf chaired a Cost of Living webinar on 12th May. The session included contributions from Greater Manchester, Leeds City Council, Derbyshire and the London Borough of Havering, sharing insights, strategic leadership and practical examples. The session was attended by over 300 members of the LGA's Cost of Living network and was the latest in a series of monthly webinars we host for the sector.
45. The LGA continues to add examples and case studies to its [Cost of Living Hub](#) and to promote networking and information sharing across the sector

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