

Economy and Resources Board – Report from Cllr Pete Marland (Chair)

Introduction

1. This report provides a summary of work by the LGA Economy and Resources Board since the last Councillors Forum on 8th June 2023.

LGA work on cost pressures / funding gap

2. In July the LGA [published](#) an estimate of cost pressures and the resulting funding gap facing councils in 2023/24 and 2024/25.
3. Key outputs from the analysis included:
 - Councils face £4.1 billion in additional cost and demand pressures, such as inflation and demographic growth, in 2023/24, and a further £2.4 billion in 2024/25; and
 - The cost to councils of delivering their services at current levels will exceed their core funding by £2 billion in 2023/24 and £900 million in 2024/25.
4. This work has been used heavily in LGA campaign and media work. The funding gap figures have been widely used in the national and trade press.

Business Rates

5. Lead members of the Board signed off the LGA's responses to two consultations from DLUHC. Firstly a consultation on draft regulations for the new [Business Rates Improvement Relief](#) which is contained in the [Non-Domestic Rating Bill](#) currently before Parliament. Our [response](#) says that the Government should fully compensate councils both for the cost of the relief and for any administrative costs involved. Secondly, [our response](#) to the consultation on [Business Rates Avoidance and Evasion](#). We have pressed the Government to take action to tackle this issue for a number of years, so we welcome the proposals, including giving billing authorities more discretion on reliefs, provided that authorities do not lose resources through business rates reliefs. During the consultation period the LGA set up a consultation meeting for member councils to ask questions about the consultation proposals and to give informal feedback to civil servants. Over 50 councils attended the session.
6. In June lead members of Resources Board signed off a [response to a consultation](#) by the Valuation Office Agency (VOA) on [providing ratepayers with more information on business rates valuation](#). The consultation examined how greater transparency on business rates valuations might work in practice, bearing in mind ratepayers' concerns

about confidentiality of data. Our response makes the point that as information for use classes valued under national schemes such as sports centres and libraries, won't be available through rating checks after 2026, it should be available from the VOA through the process discussed in the consultation.

7. The LGA [briefed](#) LGA Vice Presidents in the house of Lords on the Non-Domestic Rating Bill which is expected to receive Royal Assent this autumn having passed its Lords Report Stage on 18 September. On 28 September DLUHC issued a [technical consultation](#) on changes to the administration of the Business Rates Retention system prompted by the provisions in the Bill concerned with the calculation of the business rates multiplier. The consultation closes on 2 November. The LGA's response will be signed off by Lead Members of the Board.

Council Tax

8. Lead members of the Board signed off the LGA's [response](#) to the DLUHC consultation on [exemptions for the empty and second homes council tax premium](#) – this is in connection with the [Levelling Up and Regeneration Bill](#) currently before Parliament. Our response says that the Government needs to assure itself that it has adequately taken account of the sector's views on whether new regulations are necessary, or whether expanding the [existing guidance on empty homes](#) is sufficient.

Council final accounts and audit

9. The then Vice Chair of Resources Board was one of three LGA members to give [evidence](#) to the Levelling Up, Housing and Communities Select Committee [enquiry into financial reporting and audit in local authorities](#) in June. Following [a statement by the Minister in July](#), the September meeting of the Economy and Resources Board received a confidential presentation from officials at DLUHC and the Financial Reporting Council outlining details of proposals to address the backlog of outstanding audits for local government. This enabled members to make comments to the officials before the proposals are developed further prior to a formal consultation which is expected to be issued later this month or in November.
10. Economy and Resources Board approved a [response](#) to the [consultation from Public Sector Audit Appointments](#) for setting the fee scale for 2023/24 audits.
11. In June the Resources Board's lead members approved [a response](#) to a [survey from CIPFA](#) on the possible introduction of Depreciated Replacement Cost as a method of valuing infrastructure assets. Our response highlighted significant concerns with the impact on council accounts of using this methodology and called for a rethink.

Capital and Investments

12. Economy and Resources Board lead members approved a [response](#) to a [consultation on methods of measurement of the capital risk mitigation measures](#) in the [Levelling Up and Regeneration Bill](#). Once the bill has been passed and the method of setting the metrics has been set, thresholds will be set. If any local authority breaches that threshold, it will act as a trigger for a review that could lead to a further intervention which might include a direction to set a cap on borrowing or a direction to sell assets. In our response we highlighted several concerns with some of the proposals which were different from what was specified in the bill. We also called for proposals for setting thresholds to be published and to be subject to a further consultation before being finalised, and for the intervention process to be clarified and made transparent and open.

Economic Activity of Public Bodies (Overseas Matters) Bill

13. The [Economic Activity of Public Bodies \(Overseas Matters\) Bill](#) was laid in Parliament on June 19 and is the Bill that was included in the Queen's Speech as the Boycotts, Divestment and Sanctions Bill.
14. As expected, the Bill seeks to impose a ban on public bodies across the United Kingdom (including local authorities and local government pension funds) taking decisions on investments, procurements and purchasing or issuing statements that are deemed to be in conflict with UK foreign and defence policy.
15. The ban, once implemented, would be enforced by the relevant Secretary of State for the public body, and by the Pensions Regulator for the LGPS. There are specific provisions in the Bill that will ensure the Government's existing policy around Russia and Belarus continues to apply.
16. The 2nd reading took place on 3 July and the LGA issued a [technical briefing](#) ahead of that. The LGA's Head of Pensions gave oral evidence to the Bill Committee in early September, and the LGA also submitted [written evidence](#) to the Bill Committee.
17. The next stage is report stage for which there is currently no date set. The Bill already has a carry forward motion, so will continue into the next session of Parliament after the King's Speech on 7 November.

DLUHC Consultation: "Next Steps on Investments in the LGPS"

18. This [DLUHC consultation](#) closed on 2 October. It covered issues relating to the pace of investment pooling in the LGPS as well as considerations about the future of pooling, levelling up and opportunities in private equity.
19. The Scheme Advisory Board [submitted a response](#) to the consultation.

Local government services ('Green Book') pay 2023-24

20. The National Employers unanimously agreed to make a pay offer for April 2023-24 of

£1,925 (or 3.88 per cent for those above the pay spine for the main 'Green Book'), which was made to the unions in February 2023.

21. On 17 August, the National Employers again reaffirmed the pay offer as full and final and urged the unions to now settle this year's pay round, in response to another request from them on 16 August for an improved offer.
22. The increase in the national pay bill associated with this offer is estimated to be over £1 billion or 6.42 per cent. The impact on individual employers will vary dramatically depending on the proportion of their staff on lower pay points. Schools will face costs notably higher than other employers, for example.
23. In rejecting the pay offer, UNISON decided to immediately ballot its members on industrial action. GMB and Unite first consulted their members and on receipt of a majority view to reject the offer from both memberships then decided to proceed with industrial action ballots.
24. UNISON's disaggregated strike ballots closed on 4 July. Overall, most votes were cast in favour of strike action. However, of the 4,700 employers that were balloted, fewer than one fifth achieved the 50 per cent turn out threshold. In meeting the threshold, UNISON had most success in smaller employers and individual schools; those which involve relatively few members of staff.
25. Unite has begun taking industrial action in a small number of councils. Most of the strikes are taking place in individual service areas, such as waste, refuse, cleansing etc rather than being council wide, and involves NJC 'Green Book' and JNC Craft 'Red Book' Unite members.
26. GMB is conducting disaggregated industrial action ballots of its NJC 'Green Book' and JNC Craft 'Red Book' members in some councils and schools in England, Wales and Northern Ireland. The strike ballots opened on 12 September and will close on 24 October.
27. UNISON confirmed on 22 August that it will not be pursuing industrial action and will seek to progress towards agreement as soon as possible, however, it will need to engage with GMB and Unite to make that possible. GMB and Unite have reiterated their intention to proceed with balloting and taking strike action where they can (which would be in a minority of employers).
28. A meeting of the full Trade Union Side took place on 19 September. No decision on the pay offer was reached. The unions did though agree to reconvene within a few days of GMB's strike ballots concluding (they close on 24 October).

Local employers

29. The feedback received by officers from councils has been of resigned frustration at the time the pay award is taking to agree. Despite the very lengthy delay before this year's

pay can be settled, The National Employers continue to advise very strongly against imposing any pay offer before the collective bargaining process has concluded. To do so would not only fragment the unity of the employers' position but would also leave councils vulnerable to questions being asked by auditors about why, in the absence of a national collective agreement, expenditure has been unnecessarily incurred. Perhaps more importantly, councils would need to consider very carefully the wider legal issues, including those arising out of the cases of Kostal UK Limited v Dunkley and INEOS Infrastructure Grangemouth Limited v Jones & others.

30. We are aware of a small handful of councils deciding to pay the offer as if it had been agreed, however, these are isolated cases as far as we are aware. There has been no feedback from councils indicating that National Employers should reconsider their full and final offer aside from those councils who have passed pro forma Council Motions from trade unions endorsing their claim of an award of RPI plus 2 per cent.

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

31. The Trade Union Side comprises Unite (nine seats) and GMB (two seats). Both unions continue to reject the employers' full and final offer of £1,925. As stated above, Unite is taking strike action and GMB is balloting.

Local Authority Chief Officers

32. Agreement was reached on the 2023 pay award of 3.5 per cent on 5 May 2023.

Local Authority Chief Executives

33. The Staff Side has rejected the employers' full and final offer of 3.5 per cent but has said it will review its position once the main NJC pay deal has been reached.

Youth and Community Workers

34. The Staff Side has submitted its pay and conditions claim for 2023. The headline claim is for an increase of RPI plus two per cent across all grades and in addition there are a range of health and work life balance elements. The National Employers is undertaking a consultation of local authorities on the claim.

Soulbury

35. The National Employers remains in dispute with the Soulbury Officers' Side on pay for

2022. Further negotiations are taking place at Joint Secretarial level in an effort to reach a settlement.

Police Staff Pay 2023-24

36. The Police Staff Council, which covers police staff in England and Wales, has reached a pay agreement for 2023. This is a 7 per cent pay increase on all pay points and Standby Allowance with effect from 1 September 2023. In addition, the agreement includes a review of the lower quartile of the PSC pay spine during the 2023-24 pay year. This review will take place on a without prejudice basis in the PSC Pay and Reward Working

Fire and Rescue Service Pay

37. Part of the pay agreement within the NJC LAFRS reached earlier this year committed the NJC to explore additional issues of pay progression (incorporating discussions around Continuing Professional Development), the Retained Duty System, and Control Fire Fighters. Joint working groups were established and this work has been on-going. In addition, the FBU submitted a claim for increased maternity provision, which the employers' side of the NJC will need to formally consider. The question of culture across the service continues to be a feature, with the NJC standing the Inclusive Fire Service Group back up, that group has met twice and will issue a statement shortly. Finally, HMI FRS launched a thematic review (following the Spotlight report earlier this year) into the handling of misconduct in the fire service which is expected to report by June 2024.

Teachers Pay 2023-24

38. The Government accepted the school teachers' independent review body's (STRB) recommendations for the 2023/24 teacher pay award in full. The publication of the STRB's 33rd Report in [July 2023](#) was aligned with the publication of a [joint statement](#) made by the Government and the education unions NEU, NASUWT, NAHT and ASCL.
39. The pay award includes a 6.5 per cent uplift to all pay points and allowances for both teachers and leaders; a 6.8 per cent increase to the starting salary in the London Fringe area; and a 7.1 per cent increase to the minimum starting salary for teachers in the England range. As a result, the minimum starting salary in England is now £30,000, meeting the Government's commitment aspiration.
40. The teachers' pay award is being funded via an additional £525m in 2023-24 and £900m in 2024-25.
41. In addition, the [Secretary of State announced](#) an extension to the support currently available to individual schools facing the most difficult financial circumstances by up to £40m. It is envisaged that this will provide additional funding to strengthen the existing

financial support available to schools.

42. The unions (NAHT, ASCL, NEU and NASUWT) recommended members accept the offer, which they did following indicative ballots, thus ending any further industrial action related to the dispute on teachers' pay.
43. However, NASUWT has notified a significant number of councils and schools that they have a legal mandate for industrial action and will be started a period of 'action short of strike action' from 18 September 2023 as a result of a dispute over workload and working hours. NASUWT instructs members in all eligible schools to limit their working time by working to rule and not undertake any duties outside of what is stipulated in the statutory STPCD. Therefore, it is likely to be another problematic term to manage both operationally in terms of the ongoing employee relations environment for some schools.
44. The national employers (NEOST) recently consulted relevant councils and schools as part of the Government's statutory consultation process, seeking their views on the affordability of this year's award in light of the additional funding (detailed above). Early results indicate that the vast majority of councils who responded to our survey welcomed the proposed pay awards and additional new funding, noting ongoing financial concerns for a significant number of schools who will be able to afford to fully implement the pay award without significant adjustments to budgets.

Improving council HR Services - CIPD Impact Tool

45. As part of the Workforce team's DHLUC support offer to councils in 2023-24 we are working in partnership with the Chartered Institute of Personnel and Development (CIPD) to provide councils with an improvement tool for HR services. The tool helps councils gather feedback from across the organisation, the results of which determine whether HR are providing a service which meets internal customer needs both now and in the future in line with the council's vision and goals. Using the HR profession map as a basis for the feedback, the information is collated, shared and provides a starting point for an improvement plan, an opportunity to create a revised people strategy and a development plan for HR colleagues.
46. This partnership approach between LGA & CIPD aims to have a positive influence on how councils design their people strategies and better align their HR services to meet priority workforce needs in the future. The tool has already been used successfully in Leeds City Council and Liverpool City Council.

T level Programme

47. The LGA Workforce Team has extended the LGA T level support programme until 31 March 2024. The LGA have supported over 50 councils through the programme helping over 100 students access Industry placements in local government. The T level 16–19-

year-old T level qualifications continue to be part of a wide pathway into local government employment or career choices. We are seeing T level students progressing from their T level course onto apprenticeships in councils. We are working closely with the Department of Education to help councils work with their local further education college with regional workshops being planned in early 2024.

Inclusion

48. The LGA are hosting an [Employability and Accessibility webinar](#) on 16 November for councils to showcase the work which Hammersmith and Fulham are doing to overcome the barriers which people with disabilities, face when applying for work. DWP will also be presenting alongside Disability partners Ingeus and Microlink.

Pensions – McCloud

49. DLUHC announced the [outcome of the consultation](#) on supplementary McCloud issues and published draft regulations on 8 September 2023. It also laid The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023, which took effect from 1 October 2023.
50. The regulations implement the McCloud remedy and amend the underpin rules to make sure they work correctly. After the regulations come into force, administering authorities will need to consider a range of McCloud-affected cases. To encourage a broadly consistent approach, DLUHC will shortly provide statutory guidance on how authorities should prioritise this work.
51. DLUHC published a new version of the [McCloud member factsheet](#) with the consultation response. The new version reflects the final regulations. The LGA Pensions Team continues to support both DLUHC and administering authorities to deliver the legal, policy and administrative work required around the McCloud remedy.

Contact details

Contact officer: Sarah Pickup

Position: Acting Chief Executive

Phone no: 0207 6643109

Email: sarah.pickup@local.gov.uk