

## 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 19 October 2023.

### Local Government Finance

#### Autumn Statement November 2023

2. Lead members of the Economy and Resources Board (ERB), alongside the Chair and Group Leaders, approved the [LGA's submission to the Autumn Statement](#). This included an updated estimate of our funding gap analysis alongside an analysis of the challenges facing council finances and services. The submission also included summaries of the issues in children's services, adult social care, housing and homelessness and net zero. The submission formed the basis for a substantial programme of campaigning and briefing involving news and social media alongside engagement with Parliamentarians and senior civil servants.
3. On the day of the Autumn Statement the LGA produced an [on the day briefing](#) which was sent to council leaders, chief executives, chief finance officers and parliamentarians. The LGA also issued a [press release](#) in response to the Autumn Statement.

#### Local Government Finance Settlement 2024/25

4. The 2024/25 Provisional Local Government Finance Settlement was announced on 18 December 2023. We published an [on the day briefing](#) highlighting key information from the settlement, and issued a [press release](#). We [responded](#) to the settlement consultation by the 15 January deadline. The response, which warns of the serious challenges councils face to set balanced budgets next year, was cleared by the Chairman, Group Leaders and ERB lead members.
5. Along with other LGA lead members, I attended a meeting with local government minister, Simon Hoare, to discuss the Provisional Local Government Finance Settlement, as part of the consultation process ahead of the announcement of the Final Settlement.
6. Before the Settlement, we sent out a rapid [temperature check](#) to all council leaders and chief executives to help us strengthen our campaigning activities

ahead of the announcement. The results showed that one in five council leaders and chief executives in England think it is very or fairly likely they will receive a Section 114 report this year or next. Half of respondents were not confident they will have enough funding to fulfil their legal duties next year (2024/25). This includes the delivery of statutory services.

7. There was also extensive social media activity. For example a [video from myself](#) on Twitter and LinkedIn highlighting the financial challenges, according to our survey, facing councils following the Autumn Statement (23k+ video views).

## 2023 Local Government Finance Conference

8. On 9 January I chaired the [LGA Local Government Finance Conference](#) at Smith Square. Speakers, at the sold-out event, included Simon Hoare MP, Minister for Local Government; Jim McMahon MP, Shadow Minister for Local Government and Devolution; and Cllr Shaun Davies, the Chair of the LGA as well as senior officers from the sector, Government officials and economists from the Institute for Fiscal Studies.

## Business Rates

9. The [Non-Domestic Rating Act 2023](#) became law on 26 October. The Act implements revaluation once every three years, new duties for ratepayers and new mandatory reliefs including an Improvement Relief. It also makes some changes to business rates administration including giving ministers powers to set the standard and the small business rates multipliers separately. The LGA briefed for the various stages of the Bill in both Houses of Parliament. The LGA also [replied](#) to a DLUHC consultation on [Technical adjustments to the Business Rates Retention System](#) arising from the Act.
10. The Government has not yet responded to the [DLUHC consultation on business rates avoidance and evasion](#) which closed on 30 September 2023. The [LGA response](#) welcomed the consultation and the methods proposed to tighten up on avoidance including giving billing authorities more discretion on reliefs, provided that authorities do not lose resources through business rates reliefs being made discretionary rather than mandatory.

## Council Tax

11. [The Levelling Up and Regeneration Act 2023](#), which became law on 26 October changes the law on council tax premiums for empty homes, and introduces council tax premiums for second homes. The time before councils can charge council tax premiums for empty homes will be cut from two years to one year from 1 April 2024. As for second homes, the Act will permit a council tax premium of up to 100 per cent, but because of the need to give a full financial

year's notice, the earliest this can be applied is the financial year beginning 1 April 2025. A response to the DLUHC consultation on [exemptions for the empty and second homes council tax premium](#) is awaited. As reported to your last meeting, the LGA's [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.

12. On 27 October, DLUHC published its [response](#) to the consultation on the way houses in multiple occupation (HMOs) are valued for council tax purposes and laid the necessary [regulations](#) before Parliament. Although the response acknowledged the point [made by the LGA](#) that the Government should consider how to ensure that HMOs make a fair contribution to the cost of local services before going ahead with changes, the Government still resolved to go ahead with plans to ensure that all HMOs are valued as a single property. The Valuation Office Agency (VOA) has written to local authority HMO licensing departments and revenue and benefit managers asking for information about licensed HMOs.

## Local Accounts and Audit

13. We continued discussions with DLUHC, Financial Reporting Council (FRC) and others on actions to be taken in response to the ongoing crisis in local audit. A consultation on proposals that was expected to be issued in October / November is now expected to be issued in late January or February. At our Finance conference in January, the Minister announced that this will include a proposed back stop date of 30 September 2024 for all financial years up to and including 2022/23. We continue to call on the Government to publish a formal timetable outlining the steps to be taken and when, and the time by which it expects to restore timely audited accounts.

## Capital and Investments

14. We will be responding to consultations on [new capital flexibilities](#) and [changes to statutory guidance and regulation for Minimum Revenue Provision](#), which were issued in December.

## Counter Fraud

15. We responded to a consultation from the Cabinet Office on reinstating adult social care data matching into the National Fraud Initiative (NFI). This data matching had to be withdrawn in 2020 following legal concerns which the Cabinet Office has now overcome. In our [response](#), which was cleared jointly by lead members of the Economy and Resources Board and lead members of the Community Wellbeing Board, we supported the reinstatement of matching this

data in the NFI but we also called for wider and earlier data sharing to support prevention of fraud and error earlier in the system.

16. In November, the Vice Chair of the Board made a key note speech to the conference of [Fighting Fraud and Corruption Locally](#).

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

17. Agreement was reached on 1 November on the 2023-24 pay award for local government services ('Green Book') for an increase of £1,925 on all pay points and 3.88 per cent on all locally determined pay points above the top of the national pay spine.
18. UNISON's and GMB's acceptance of the offer met the requirement for a majority on the Trade Union Side to be in favour, thereby allowing a formal collective agreement to be reached. For a third consecutive year, Unite refused to have its details included in the NJC pay agreement circular (although they have now agreed the craft award – see below).
19. The deal achieves a bottom rate of pay of £11.59 with effect from 1 April 2023 (which equates to a pay increase of 9.42 per cent for employees on the bottom pay point 2). This means an employee on the bottom pay point in April 2021 (then earning £18,333) has 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, earning £27,514 in April 2021), their pay has increased over the same period by £3,850 (13.99 per cent).

## The National Living Wage (NLW)

20. Since its introduction in 2014, the NLW has proven to be a challenge because of its constant close proximity to the bottom end of the national pay spine, which is used by most councils and schools and by a significant number of organisations in the third sector.
21. From the outset, the National Employers established a principle that local government should not be a minimum wage employer. Therefore, the lowest rate of pay in local government has always been higher than the NLW, as shown in this table:



22. In his Autumn Statement on 22 November, the Chancellor announced the NLW would increase by 9.80 per cent to £11.44 from 1 April 2024.
23. The NLW is currently £10.42 and the bottom NJC hourly rate is £11.59, providing clear headroom of £1.17. However, the gap will narrow to just 15p from 1 April next year for the period until the 2024 pay deal is agreed, as shown in the table above.
24. The Low Pay Commission's (LPC) forecast in March 2023 was for an upper estimate of the rate for April 2024 of £11.43 (which was 8p higher than November 2022's top-end forecast of £11.35).
25. As the 2024 NLW rate achieves the government's policy for it to reach 66 per cent of average earnings by 2024, the government has issued the LPC with a second remit asking for evidence to inform future minimum wage policy, beyond 2024. LPC has submitted its report to government and awaits its response.

## JNC Craftworkers ('Red Book')

26. Agreement between the National Employers and the trade union side (Unite and GMB) was reached on 16 November on the 2023-24 pay award for local government craft workers ('Red Book') for an increase of £1,925 on all pay points.

### JNC Chief Officers

27. Agreement was reached on the 2023 pay award of 3.50 per cent on 5 May 2023.

### JNC Chief Executives

28. Agreement was reached on the 2023 pay award of 3.50 per cent on 1 November 2023.

### Youth and Community Workers

29. Agreement was reached on the 2023 pay award of a £1,925 increase on 7 December 2023.

### Soulbury

30. Agreement was reached on the 2022 pay award of a £1,925 increase and the 2023 pay award of 4.0 per cent on 20 December 2023.

### Minimum service levels

31. On 20 October, the Secretary of State for Education announced the government's commitment to introduce minimum service levels (MSLs) in schools and colleges, either by voluntary agreement with unions or via a regulatory approach, as soon as practicable. The government has previously published consultations on MSL regulations for ambulance services, hospital services, fire and rescue services, passenger rail and border security.
32. On 28 November, DfE published a consultation on its proposed Regulations. The LGA and National Employers are currently forming the response to this consultation that will be considered by the Economy and Resources Board ahead of the deadline at the end of January,
33. The Secretary of State's preference was to proceed by agreement and to issue guidance to manage strike action rather than pursue statutory MSLs. However, agreement was deemed unreachable with the teaching and / or non-teaching unions (there are many on-the-record statements and union conference motions reflecting their opposition to the entire Act.
34. The LGA and other employer representatives for schools and colleges have met with DfE officials on several occasions. DfE does not at this stage seem to have answers for some key questions raised by employers on how this policy is to be implemented. MSLs could be bureaucratically very onerous at times when schools are preparing for industrial action and expose employers to increased legal risks. There is uncertainty over the consequences for individual employers (in light of their statutory duties and obligations) if they decide not to utilise the provisions of this legislation.



## Trade Union Act 2016: Check Off Arrangements in the Public Sector

35. The Trade Union Act 2016 introduced powers to restrict the use of check off arrangements in “relevant public sector employer[s]” but these have not yet been brought into force. The provisions are now expected to take effect on 9 May 2024, following implementation of the Trade Union (Deduction of Union Subscriptions from Wages in the Public Sector) Regulations 2023, which have been published in draft form and specify the employers the restrictions will apply to. However, this requires the approval of both houses of parliament. Similar draft regulations were laid in 2017 and whilst there was some opposition these were not passed ostensibly because of a lack of parliamentary time.
36. The new restriction is that public sector employers will only be able to deduct trade union subscriptions from its workers’ wages via a check-off arrangement where:
- the workers have the option to pay their subscription by other means; and
  - the union makes reasonable payments to the employer which are “substantially equivalent to the total cost to public funds of making the deductions”.
37. As well as setting out when the restriction will take effect, the draft Regulations list the “relevant public sector employer[s]” to whom the restrictions will apply. As anticipated that extensive list includes local authorities, fire and rescue authorities, governing bodies of local authority-maintained schools and academy schools.
38. The statutory provisions do not specify charges in the sense that there is no minimum or maximum level of fees, as the Act requires that arrangements have been made for the union to make reasonable payments to the employer in respect of them making the deductions and that this means the employer is satisfied that the total amount of the payments is substantially equivalent to the total cost to public funds of making the deductions. An employer would be required to cease making deductions if agreement on reasonable payments cannot be reached. Cabinet Office has produced guidance to assist employers and trade unions in understanding their obligations under the legislation.
39. We anticipate that many authorities will have entered discussions about these proposed changes with their trade unions some time ago following the introduction of the Trade Union Act 2016, with a view to seeing if check off arrangements can continue after the restrictions come into force. As the proposals were not enacted at the time it may be that they will need further consideration at this stage. We will keep authorities updated if there are any changes in the final regulations as they pass through Parliament.

40. Consultation on the Acas draft Code of Practice on handling requests for a predictable working pattern
41. The Workers (Predictable Terms and Conditions) Act 2023 received Royal Assent on 18 September 2023. It enacted a Government commitment to introduce a right for workers to request a predictable working pattern following the Taylor Review in 2017 and the publication of the Good Work Plan. The Government has announced that the changes are expected to come into force approximately a year after the Act was passed i.e. Autumn 2024.
42. The Act will amend the Employment Rights Act 1996 to give workers and agency workers the right to request a more predictable work pattern where there is a lack of predictability as regards any part of their work pattern (fixed-term contracts of 12 months or less are presumed to lack predictability which would allow a worker to request an extension or removal of the fixed-term nature of the contract). There will be a minimum service requirement to access the right which is expected to be 26 weeks. This will be specified in regulations. Two applications would be allowed in a 12-month period and applications may be rejected on grounds specified in the Act which are: the burden of additional costs; detrimental effect on ability to meet customer demand; detrimental impact on the recruitment of staff; detrimental impact on other aspects of the employer's business (or, in the case of a request by an agency worker, the agency or hirer's business); insufficiency of work during the periods the worker (or agency worker) proposes to work; planned structural changes and such other grounds as the Secretary of State may specify by regulations. Employers will have to respond within one month of the request being made.
43. Acas is consulting on a draft statutory Code of Practice on handling requests for a predictable working pattern to accompany the legislation. The Code will not of itself confer any legal rights and obligations. However, employment tribunals will take the Code into account when considering relevant cases. The Workforce Team responded to the consultation on 10 January 2024.

## Apprenticeships

### Pooled PAYE – Funding Rules Changes Announced

44. Members will recall that at the July meeting they granted approval for the LGA to lobby government to make a change to the apprenticeship funding rules to help solve the long-standing problem whereby employers that were part of a Pooled PAYE scheme run by a local authority (mainly, but not exclusively, Voluntary Aided Schools and Faith Schools) were prevented from accessing apprenticeships funding due to technicalities of how the system of accessing apprenticeship funding operates.



45. Officers met with DfE officials throughout the summer and early autumn to discuss this change and provided government with the results of a survey of local authorities affected that laid bare the scale of the problem.
46. Our lobbying was successful and DfE announced on 31 October 2023 that the apprenticeship funding rules were being changed to allow councils to use some of their own unspent levy funds to pay for apprenticeships in the affected employers, thus restoring their ability to access some form of apprenticeship funding. This is a significant success and should help to unblock much of the problem. LGA officers have already held group sessions and one-to-one meetings with many of the affected councils to explain how the new rules will work and discuss how councils can employ them in practice. Further meetings with councils will take place in January.

### **LGA Submission to DfE on Further Apprenticeship Funding Rule Changes**

47. Following our successful lobbying on Pooled PAYE, DfE officials invited the LGA to submit some ideas for additional changes that could be made to the apprenticeship funding rules in the 2024-25 academic year. We used this submission as another opportunity to call for the introduction of flexibilities in how the levy funds can be spent, as well as some more practical ways certain elements of the rules could be amended to be more helpful for councils and their apprentices, including on fees, functional skills and changes to incentive payments.

### **DfE Child and Family Social Worker Agency Workforce Consultation**

48. The LGA responded to the DfE Child and Family Social Worker Agency Workforce consultation. The consultation sought views on national agency pay caps, the procurement of agency workers, post graduate experience thresholds, the provision of references for social workers, notice periods and the collection of data. The response from DfE was published in October and took on board the views of the LGA, other organisations and individuals. We are now taking part in further discussions as part of a project group with DfE to Implement the resulting actions.

### **National Social Work Healthcheck**

49. The LGA has received funding from Government to run the 2024-25 Healthcheck for social workers. To date, 128 councils have opted in and will receive a bespoke report when the survey closes, which will help them to identify ways in

which to create the right environment to retain, develop and recruit social workers.

## McCloud Update

50. The LGA Pensions Team continues to support councils who are LGPS administering authorities to implement McCloud remedy, the legislation for which became effective from 1 October 2023. The team has recently published the first part of a guide for administrators, as well as template letters and a member factsheet. This complements updates to the LGPS member website which include videos and easy to understand materials about McCloud remedy.

## Pensions Dashboard

51. DWP has updated the regulations around the expected date that pension schemes will be ready for their members to access their data through the pensions dashboard. The latest connection date is now 31 October 2026, but we expect the LGPS connection date to be earlier than this, and it will be included in statutory guidance. The LGA pensions team has published a draft dashboards connection guide for LGPS administering authorities.

## Creating effective organisation structures (DMA approach)

52. We are continuing to work with councils to lead organisational design reviews using the DMA methodology. We have worked with several councils this year leading both whole council or directorate DMA reviews. Over the last six months the workforce team has supported eleven councils including desktop reviews, provision of training or whole DMA reviews.

## Emergenetics

53. Following the successful pilot, we have been working with councils to deliver Emergenetics Development Sessions aimed at enhancing communication and collaboration. These tailored sessions have been delivered to Councillors, Senior Management and individual teams. Colleagues understand their thinking and behavioural preferences and develop strategies for more effective communication.

## Skills Hubs

54. The skills shortages programme has been successfully launched, with 63 councils already taking part. The skills partnership lead councils have met, officially launched the programme of work, set expectations and are starting to develop plans. The Skills Partnership Hubs will be meeting monthly and working collaboratively with other work streams (like Capacity Surveys) to ensure

evidence is aligned to solutions. The five pilot areas are Digital & ICT, Environmental Health, Legal, Finance and Civil engineering.

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