

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

Local Government Finance Settlement

1. Following the [Provisional Local Government Finance Settlement](#), which was announced on 18 December, the LGA and others highlighted the financial challenges councils are facing. On 24 January, following a campaign by the LGA and others on this, the Secretary of State issued a [written update](#) announcing an additional £600 million of funding for local government. This was confirmed in the [Final Local Government Settlement](#) which was published on 5 February and approved by Parliament on 7 February.
2. Ahead of the Parliamentary debate on 7 February, the LGA issued a [briefing](#) for parliamentarians welcoming the additional £600 million in funding for local government but noting that councils will still need to raise council tax and many will need to make cuts to local services in order to plug funding gaps. The briefing called for the Government to ensure that all councils have sufficient funding to deliver their 2023/24 budgets, set balanced budgets for 2024/25 and develop medium-term financial strategies that are not characterised by substantial funding gaps. These points were echoed by many parliamentarians during the debate, particularly by LGA Vice Presidents, including Chair of the Levelling Up, Housing and Communities Committee Clive Betts MP, who also highlighted concerns around the number of councils that could potentially face Section 114 notices within the next year.

Levelling up, Housing and Communities Committee report

3. On 29 January, the House of Commons Levelling Up, Housing and Communities Committee [published a report on financial distress in local authorities](#). The report leans on much of the LGA's evidence and data, backing our call for the Government to inject £4 billion to head off the financial crisis facing all councils, and says that the next Government, regardless of their political persuasion, should embark on a fundamental review of the systems of local authority funding, local taxation, and delivery of social care services. The Vice-Chair of the Board, Cllr John Fuller (now Lord Fuller), gave oral evidence to the Committee last year.

LGA Submission to the Chancellor's 2024 Spring Budget

4. Ahead of the Chancellor's 2024 Spring Budget on 6 March 2024, the LGA has made a formal submission to HM Treasury in the form of a [letter](#) from the Chair.

5. The first part of the letter set out the financial challenges currently faced by the sector and restated our asks for sufficient funding provided through multi-year settlements. The second part provided evidence on the contribution that councils can make to support the Chancellor in delivering his budget including LGA key asks in areas such as: housing; social care; culture and leisure; and delivering net zero.

Business Rates

6. Councils have been working with the Valuation Office Agency following the passing into law of the [Non-Domestic Rating Act 2023](#) including the introduction of the one year Improvement Relief in April 2024.

Council Tax

7. A response to the DLUHC consultation on [exemptions for the empty and second homes council tax premium](#) is still 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. Meanwhile councils are proceeding with planning for charging council tax premiums for homes which have been empty for one year from 1 April 2024, and for second homes from 1 April 2025.

Capital and Investments

8. Economy and Resources Board lead members approved responses to two consultations affecting capital. Firstly we [responded](#) to DLUHC's [call for views on wider flexibilities for the use of capital finance and borrowing](#). In our response, we welcomed proposed new flexibilities to use capital to finance some revenue activities, but we emphasised that the flexibilities are no substitute for a long-term plan to sufficiently fund local services through multi-year settlements. Secondly we [responded](#) to the final consultation on [changes to statutory guidance and regulation for Minimum Revenue Provision](#). These changes are due to come in in April 2024, but we have called for a deferral due to the proposals not being finalised before local authorities set their 2024/25 budgets.

Local Accounts and Audit

9. The Government and the National Audit Office are currently running consultations on [addressing the audit backlog](#) and associated [changes to the audit code of practice](#). These consultations are due to close on 7 March and draft responses from the LGA were due to be discussed at the Economy and Resources Board meeting on 29 February.

10. Economy and Resources Board lead members approved a [response](#) to a consultation from HM Treasury on [proposals](#) for the valuation of non-investment assets for financial reporting purposes, following on from the [thematic review in 2023](#).

Fire Pay 2024

NJC for Brigade Managers (Gold Book)

11. The National Joint Council for Brigade Managers, which covers senior managers in fire and rescue services across the UK, has reached agreement to apply a 3 per cent increase on basic pay with effect from 1 January 2024.

Teachers' Pay 2024

12. The [remit for the 2024 School Teachers' Review Body](#) (STRB) process, marking the commencement of the independent pay review for teachers' pay in 2024/25, was published in December. In January, over 400 members participated in a webinar launching a LGA survey. Local authorities were invited to contribute to our biannual teachers' pay and conditions survey to inform the written evidence submitted to the STRB by national employers ([NEOST](#)). Members endorsed the NEOST response, pending the inclusion of additional background evidence.
13. However, the DfE has not met the statutory deadline of 21 February for consultees to submit their evidence (including an estimate of what percentage increase in costs an 'average school' can afford for 2024/25) to the STRB. The NEOST evidence has been submitted on time as the STRB encouraged consultees to adhere to this deadline. The oral evidence session for NEOST has been scheduled for 9 April. The STRB is expected to send their recommendations to Government on the pay uplifts for teachers and school leaders by May

Minimum Service Levels during strike action

14. The LGA responded on 30 January to the [Department for Education's consultation on minimum services levels \(MSLs\)](#) in education in the case of strike action. This follows the introduction of the Strikes (Minimum Service Levels Act 2023) under which an employer in one of the defined sectors, including education, has or will have the power, should it wish, to issue a work notice to a union in the case of strike action, specifying the individuals it requires to work during the strike and the work they will be required to do, to meet MSLs. The Government's proposals seek to balance the priority of stability of education provision for children with the right of employees to take lawful industrial action. The LGA's response focuses on issues raised relating to the workability of the proposed regulations and their impact on industrial relations beyond instances of industrial action. There is also a clear concern reflected that the proposals expose

employers to considerable risk of legal challenge that does not seem to have been fully considered by the Department.

15. The LGA secretariat to the teachers' collective bargaining framework submitted a separate but substantively similar response on behalf of the collection of employer representative organisations that form NEOST.
16. Following the consultation on MSLs in fire in May 2023, the Home Office [announced](#) on 8 February 2024 the implementation of MSLs. Regrettably, the Home Office did not discuss their final proposals with either the National Employers or the LGA, leaving a number of questions around the workability of these Regulations unanswered. The Home Office has now agreed to discuss the next steps.
17. Members will have noted the experience of MSLs in the rail sector where employers have decided not to deploy the work notices that form the central provision of this legislation. One rail company indicated it was considering doing so but reversed this course of action when the relevant trade union proposed extended industrial action in response.

DfE Child and Family Social Worker Agency Workforce Consultation

18. We have worked closely with The Department for Education to shape the [consultation on draft statutory guidance](#) on the use of agency social workers in local authority children's social care. The consultation closed on 28 February, with final guidance due to be introduced from summer 2024. Councils are encouraged to comply with the new [rules on the use of agency children and family social workers](#) in advance of statutory guidance being introduced where they are able to do so. We will be responding on behalf of the LGA and will be taking part in further discussions as part of a project group with DfE to implement the resulting actions.
19. We are launching the National Social care health check survey in February 2024 and 149 councils have signed up to take part. The survey is designed to better understand the experience of social workers, occupational therapists and non-registered social care professionals and to help councils address their development, digital skills, wellbeing and workloads which can in turn help with retention and recruitment issues.

Pensions

20. The LGA Pensions Team continues to support councils who are LGPS administering authorities to implement the **McCloud** remedy, the legislation for which became effective from 1 October 2023. The team 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 the McCloud remedy.

21. 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.
22. On 10 January 2024, the Pensions Regulator (TPR) published its updated [General Code of Practice](#) which is expected to be effective from 27 March 2024. The General Code brings together a number of TPR Codes (including Code 14 – which was drafted specifically for public sector pension schemes like the LGPS) and introduces some new concepts and a new structure. The Scheme Advisory Board Secretariat is planning awareness-raising sessions, as well as guidance to support LGPS funds adapting to, navigating and implementing the new Code.

DLUHC response to Constitutional Committee's report on voter ID

23. The Government has published a [response to the Committee's enquiry on voter ID](#). The Government recommitted to continuing to review the impact of voter ID at the next two UK Parliamentary elections as per the statutory requirement. The Government also recognised that some demographic groups are more likely to be impacted by the voter identification requirement and that there is work still to be done to raise awareness of the free voter authority certificate. They did not commit to additional funding for targeted local awareness raising campaigns as suggested by the Committee.

DLUHC consultation on Street Vote Development Orders

24. We [responded](#) to the [Government's consultation](#) on a new route to planning permission that would bypass the local planning processes led by democratically elected members. It would also require a vote process to proceed. We set out that the proposal does not appear to properly consider the impact on electoral services teams properly, or the implications for local planning and place-making.

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