



Summary Note – Meeting of Responsibilities Working Group

Title: **Responsibilities Working Group**
Date: **Thursday 20 October 2016**
Venue: **Local Government House, Smith Square, London, SW1P 3HZ**

Attendance

An attendance list is attached as **Annex A** to this note.

1. Welcome

1.1 The Chair opened the meeting with introductions and welcomed attendees to the seventh Responsibilities Working Group meeting.

2. Minutes of the previous meeting

2.1 The minutes of the previous meeting were agreed subject to the following amendment:

- I. Nigel Stevenson represented the County Councils' Network (CCN) at the meeting.

3. Feedback from Steering Group meeting and next steps on deep dive into economic growth

3.1 The Steering Group met on 3 October 2016. The Responsibilities Working Group presented a paper on the outcomes from the virtual Health and Social Care 'deep dive' workshop. The Steering Group agreed with the recommendation made by the Working Group there should be no link between funding from business rates and any proposals for local government to take on significant new responsibilities in the health and social care area.

3.2 The Working Group also presented a general update on its work to the Steering Group, which included the recommendation of the formation of a sub-group in order to obtain the necessary expertise take forward to the Steering Group's commission to explore the options available in the areas of employment and skills. The Steering Group confirmed that they were content with this suggested approach.

4. Review of work plan for October to December 2016

4.1 At its last meeting on 20 September 2016, the Working Group agreed that its work in the coming months would be split into two key workstreams, these being:

- I. Developing options on an employment and skills package of responsibilities to be devolved and funded through business rates.
- II. Implementation issues of any responsibilities confirmed for devolution.

4.2 As such an initial work plan for both workstreams for October- December 2016 was presented to the Working Group for discussion. For the implementation workstream, the group agreed that until any announcements on responsibilities to be devolved are made, it would be logical to assess the implementation issues associated with specific responsibilities in the order they listed within the consultation document. Topics for discussion on the individual responsibilities will include issues relating to: legislative provision, distribution mechanisms, administrative processes and provisions which may need to be made at a local level.

4.3 Further detail is required to populate the work plan on the new options for a employment and skills package workstream. Proposals for how this work will be taken forward are being discussed and it was agreed that once an approach had been confirmed that key milestones for this workstream would added to the work plan.

4.4 The group acknowledged that the work plan for both workstreams may be subject to revision if Government makes further announcements following the analysis of consultation options.

Action: LGA to provide key milestones on the New Options workstream for the Working Group's work plan.

5. Update on the progress of the employment and skills workstream

5.1 Work has begun on developing options for an employment and skills package to be devolved and funded through retained business rates. At the last meeting it was intended that this work would be taken forward by a sub-group of experts, led by the LGA. Thinking had since moved on and it was suggested that the title of a 'sub-group' was slightly misleading. The intention is for the LGA to work with some colleagues who attended the economic growth and skills workshop in August and to develop ideas on the following:

- I. A broad vision on what a reformed employment and skills service will look like for local government.
- II. To consider the relationship between these services and business rates retention.

5.2 The objective for this work will be to quickly demonstrate where and how additional value can be provided through collating the various employment and skills services, currently administered through multiple Government departments and

budgets, to influence Government thinking on the composition of the full package of existing grants and new responsibilities that will accompany 100% rates retention. As such it is also recognised that discussions will be required with other Government departments, particularly the Department for Work and Pensions, and the Department for Education. The group recognised that, whilst the aim of the group is not to start with existing budgets and programmes, budget lines will nevertheless need to be identified in order to make the case for fiscal neutrality.

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5.4 Initial discussions with HMT took place on 19 October 2016, it was agreed that the 'sub-group' would set out a vision with evidence for how a reformed employment and skills service will work and how this could help to drive efficiency savings, deliver better value for money and improve services for local communities.

5.5 Work with HMT will be on-going, with a further meeting due to be scheduled for the week commencing 31 October 2016. A draft evidence paper for this meeting will be shared with the Working Group for comment prior to this meeting.

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5.7 Initial discussions with HMT took place on 19 October 2016, it was agreed that the 'sub-group' would set out a vision with evidence for how a reformed employment and skills service will work and how this could help to drive efficiency savings, deliver better value for money and improve services for local communities.

5.8 Work with HMT will be on-going, with a further meeting due to be scheduled for the week commencing 31 October 2016. A draft evidence paper for this meeting will be shared with the Working Group for comment prior to this meeting.

Action: LGA to circulate the 'sub-group's' evidence paper, ahead of the next meeting with HMT.

6. Discussions on practicalities involved with devolving specific responsibilities

Revenue Support Grant (RSG):

6.1 The group noted the link to the Fair Funding Review in setting future distribution of RSG.

6.2 Some consideration will be required as to when the new formula will be decided and announced as this could impact upon decisions local government make in relation medium-term financial plans. An update from the Needs and Redistribution Working Group on the timeline of the Fair Funding Review will be requested to help further inform this discussion.

Action: DCLG to provide an update to the Working Group on the proposed timeline for the Fair Funding Review.

Rural Services Delivery Grant (RSDG):

6.3 Similar to RSG, the group noted that new distribution formula for RSDG will form part of the Fair Funding Review. The definition of sparsity and how local authorities are ranked in relation to this will form an important part RSDG element of the Fair Funding Review.

6.4 The group agreed it would be helpful to have further information on what Section 31 grants are and how they are administered, DCLG will provide an update at the next working group meeting.

Action: DCLG to provide a summary of Section 31 grants.

GLA Transport Grant

6.5 The group identified the key issue in relation to the GLA Transport Grant as being whether the grant will be treated as revenue or capital funding. Currently the grant is classified as capital funding, which raises the question as to whether the grant will be devolved with a ringfence attached to it to ensure it is spent for capital purposes. Discussions will be required across government to understand the position; however the intention should be that all responsibilities are devolved without ringfences attached to them.

6.6 Other questions to consider include whether the devolution of the GLA Transport Grant will create an opportunity for other transport authorities (e.g. Manchester) to have their transport grants devolved in a similar manner and whether there is an appetite for this to happen.

Public Health Grant

6.7 The group agreed a key issue to consider will be the Public Health Grant distribution mechanism to; the allocation formula for this was consulted and revised in November 2015, although concerns have been raised over the suitability of the formula to local government. The formula for which the grant is distributed will be an issue for the Needs and Distribution Working Group to consider if the grant is confirmed for devolution.

6.8 A further issue concerns the proposed removal of the ringfence on the Public Health Grant. Local authorities have confirmed their preference for the grant to be devolved with the ringfence removed. However there are some concerns from the public health community as to how the new arrangements may work if this financial transfer takes place. The group agreed that it would be helpful to have a representative from the public health community to attend the next meeting to discuss some of the concerns outlined in greater detail.

Action: LGA to invite a representative from the public health community to attend the next Working Group meeting.

7. AOB

7.1 A high level summary of responses to the Devolution of Responsibilities chapter in the 100% Business Rates Retention consultation was provided by DCLG. The consultation received 454 responses in total, responses are still in the process of being analysed and quality assured; early indications suggest that Attendance Allowance is an unpopular candidate and also that local authorities would like to see more responsibilities devolved which are linked to economic growth and skills, but had not cited specific responsibilities in this regard.

7.2 The group agreed to re-visit the list considered at the second meeting of the group earlier in the year to ensure that all potential candidates for devolution have been captured, and to review Section 31 grants with the same aim. DCLG will provide a list at the next meeting.

7.3 The next Working Group meeting will be held on Thursday 17 November 2016 at DCLG offices at 2 Marsham Street.

Action: DCLG to provide a list of Section 31 grants paid to local government.

Annex A – Attendance List (20 October 2016)

Member	Organisation	Attendance
Bevis Ingram	Local Government Association (LGA)	Present
Mark Johnson	Local Government Association (LGA)	Present
Sally Burlington	Local Government Association (LGA)	Apologies
Rose Doran	Local Government Association (LGA)	Apologies
Eamon Lally	Local Government Association (LGA)	Present
Anthony May	County Councils' Network (CCN)	Apologies
Allen Graham	District Councils' Network (DCN)	SUB: Peter Linfield
Barry Hastie	Special Interest Group of Municipal Authorities (SIGOMA)	Present [Phone]
Leigh Whitehouse	Association of Local Authority Treasurers' Societies (ALATS) - SLT	Apologies
Alison Green-Hill	Association of Local Authority Treasurers' Societies (ALATS) - SMT	Apologies
Joanna Walker	Association of Local Authority Treasurers' Societies (ALATS) - SCT	Present [Phone]
Nigel Stevenson	County Councils' Network (CCN)	Present [Phone]
Steve Richardson	Association of Local Authority Treasurers' Societies (ALATS) - SDCT	Present [Phone]
Sean Clark	Association of Local Authority Treasurers' Societies (ALATS) - SUT	Present [Phone]
Joanne Pitt	Chartered Institute of Public Finance and Accounting (CIPFA)	Apologies
Alistair Townsend	Institute of Revenues Rating and Valuation (IRRV)	Apologies
Jeremy Skinner	Greater London Authority	Apologies
Paul Honeyben	London Councils	SUB: Peter O'Connell
Victoria Jones	Department for Communities and Local Government	Present
Richard Enderby	Department for Communities and Local Government	Apologies
Jonathan Dallaston	Department for Communities and Local Government	Apologies
Jonathan Denning	Department for Communities and Local Government	Present