

**Item 3 (j)**

**Finance Panel – report from Councillor Sharon Taylor OBE (Chair)**

**The local government finance settlement**

1. The Local Government Finance Settlement was debated and approved by Parliament on 13 February. The LGA briefed parliamentarians and our briefing was quoted extensively on all sides of the House, as was the comment by LGA Chairman Councillor Sir Merrick Cockell that the finance settlement for 2014-15 is unsustainable. The LGA will now be working on the detailed implications of the settlement. One key issue is the announcement by the Government that they intend to change the way levies are dealt with in the calculation of the council tax increase. Ministers have said that they will look closely at any authorities who increase their basic rate of council tax by more than 2 per cent as a result of levies but do not volunteer to hold a referendum under the 2011 Localism Act. The LGA will be having detailed discussions with Department for Communities and Local Government (DCLG) officials on exactly how it will work.

**The spending review**

2. At the Finance Panel Office Holders meeting on 13 February, we discussed the potential content of a spending review submission. Officers were asked to share a submission covering the key themes of growth, community budgets, the risks from welfare reform, social care funding and local discretion over local taxes with the Panel for comment in advance of the LGA Executive meeting on 14 March.
3. We also agreed to extend the panel meeting on 22 March to discuss the new model for local government which is currently the subject of the LGA's regional roadshows.
4. Officers have also set up an officer level spending review reference group made up of chief executives, service heads and finance directors. It will meet for the first time on 12 March.

**Public Accounts Committee**

5. On Monday 25 February LGA Chief Executive Carolyn Downs appeared before the Public Accounts Committee (PAC) to discuss the National Audit Office report on the financial sustainability of local government, alongside Tony Travers from the London School of Economics.
6. As you would expect from the PAC, a robust discussion was held between Carolyn and the Committee, touching on a broad range of subjects such as personal service contracts, reserves, and the long term funding model for local government. The session went well and Carolyn was able to give a strong account of the sector. In particular she defended the rationale for local authorities holding reserves and was able to set out the financial reality behind the perception from some MPs that money was being held back due to bad planning or management. The session is available to watch online on the following link - <http://www.parliamentlive.tv/Main/Player.aspx?meetingId=12660&player=windowsmedia>.

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**Universal Credit - Local Support services Framework**

7. At the November 2012 meeting of the Finance Panel, we instructed officers to work with the Department for Work and Pensions (DWP) to develop an account of the possible future role of councils in the delivery of Universal Credit (UC), and to open up a process of co-design and debate with the sector. The Local Support Services Framework was developed by a joint DWP/LGA task group and shaped by a reference group of local authorities which was chaired by a Chief Executive (Alan Graham – Rushcliffe). The Framework describes the sort of support services councils might need to provide or commission for UC claimants, and how those services might be paid for and managed.
8. The Framework was published on Monday 11 February, with a Foreword from Lord Freud and an Introduction from Sir Merrick Cockell. A separate letter was sent out from the Chairman's office to all Leaders inviting their comments on the document. I presented the framework to the LGA Executive on 14 February, at which there was a really useful discussion. Members raised a number of unresolved issues which are of concern to local councils. With the first phase of consultation concluding on 15 March 2013, the Executive has mandated the Finance Panel to aggregate councils' responses to the Framework and set out a collective sector view. I will be presenting the consultation responses to the 14 March Executive meeting.

**Local authority led Universal Credit Face to Face Pilots**

9. The local authority pilots are progressing well. Each of them are at different stages of progression. The DWP will be publishing the first round of findings from the pilots in April. An update on all of the pilots will be available by the end of the week. In particular it is worth noting that Birmingham has been able to identify £6.4 million in unclaimed benefit through their work.

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