

# LOCAL GOVERNMENT FINANCE MONTHLY UPDATE

## FEBRUARY 2011

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### COMMUNITIES AND LOCAL GOVERNMENT

#### New Homes Bonus - Agreed Scheme

On 17 February 2011, the Minister for Housing and Local Government, Grant Shapps, announced the final design of the New Homes Bonus scheme to Parliament.

This announcement set out the design of the scheme and the provisional allocations for 2011/12. Allocations will be finalised following a further consultation period, ending on 10 March 2011.

**A briefing on the New Homes Bonus announcement has been circulated to all our Funding Briefing Service subscribers. For further information, please contact [info@lgfutures.co.uk](mailto:info@lgfutures.co.uk)**

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### COMMUNITIES AND LOCAL GOVERNMENT

#### Decent Homes Backlog Funding 2011 -15

On 15 February 2011, the Government announced the 46 successful local authority bids (70 local authorities applied) for an element of the £1.6bn funding available, over the next four years, to help refurbish around 150,000 homes.

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### COMMUNITIES AND LOCAL GOVERNMENT

#### Consultation: Community Right to Challenge

On 8 February 2011, the Government launched a consultation paper, "Proposals to introduce a Community Right to Challenge", whereby local authorities would be required to consider "expressions of interest" from voluntary and community bodies, charities, parish councils and two or more staff of a relevant authority, to run a council service. If the expression of interest is accepted, this will trigger a procurement exercise relating to the provision of that service.

A "relevant service" is defined as, "a service provided by, or on behalf of, a relevant authority in the exercise of any of its functions." However, the new right does not enable a local authority's functions themselves, including decision making about service provision, to be contracted out to third parties.

The main questions being consulted upon are:

- Services that should be exempted from this new Right;
- If relevant authorities opt to specify periods during which they will consider Expressions of Interest, the minimum length of such periods;

- Information to be included in an Expression of Interest;
- The maximum period between a relevant authority receiving an Expression of Interest and deciding to accept, accept with modification, or reject;
- Grounds on which a relevant authority may reject an Expression of Interest; and
- The minimum and maximum period between a relevant authority accepting an Expression of Interest and initiating a procurement exercise relating to the provision of the relevant service.

The consultation closes on 3 May 2011.

## COMMUNITIES AND LOCAL GOVERNMENT

### Revised Provisional Settlement 2012/13

Following a written statement by Bob Neill, the Parliamentary Under Secretary of State for Communities and Local Government, on 7 February 2011, the provisional local government finance settlement for 2012/13 has been updated.

It would appear that the following changes have been made:

- An extra £10m has been added to the Formula Grant control total, for 2012/13, for shire districts only
- An additional £1.3m has been added into Formula Grant by CLG for 2012/13

**A briefing on this written statement has been circulated to all our Funding Briefing Service subscribers. For further information, please contact [info@lgfutures.co.uk](mailto:info@lgfutures.co.uk)**

## COMMUNITIES AND LOCAL GOVERNMENT

### Consultation: Code of recommended practice for local authorities on data transparency.

On 7 February 2011, the Secretary of State for Communities and Local Government, Eric Pickles, launched a draft code concerned with making data generated by local authorities available and accessible to the public.

The Code proposes that the minimum datasets that should be released, openly and for reuse, by local authorities, are as follows:

- Expenditure over £500, (including costs, supplier and transaction information)
- Grants and payments under contract to the voluntary community and social enterprise sector
- Names, budgets and responsibilities of staff paid over £58,200 - equivalent to the lowest Senior Civil Service pay band
- An organisational chart
- Councillor allowances and expenses
- Copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector

- Policies, performance, audits and key indicators on the authorities' fiscal and financial position
- Data of democratic running of the local authority, including the constitution, election results, committee minutes, decision - making processes and records of decisions.

The consultation closes on 14 March 2011.

## DEPARTMENT FOR EDUCATION

### Building Schools for the Future

On 11 February 2011, Mr Justice Holman upheld a judicial review by six local authorities of the Secretary of State for Education's, Michael Gove's, decision to end the Building Schools for the Future (BSF) programme.

The Judge found that the Secretary of State "unlawfully and without justification", failed to consult with the authorities as to the effect on their individual projects of his possible decision options and, "partly as a result, but also as a discrete matter, he unlawfully failed to give due regard to the equality impacts of his proposed decision."

In response, DfE have stated: "The Secretary of State will now look again at his decision with regard to these [six] authorities with an open mind, taking representations from them. The judge set out, however, that, "the final decision on any project still rests with him and... no one should gain false hope from this decision".

## HM TREASURY

### Savings in Operational PFI Schemes

On 16 February 2011, Lord Sassoon, Commercial Secretary to the Treasury, launched a pilot project to identify the scope for achieving savings in operational Private Finance Initiative (PFI) contracts.

The contract for the Queen's Hospital in Romford will be examined by an experienced team of commercial, legal and technical advisors to identify ways of reducing ongoing costs in this contract on behalf of the local NHS Trust. Any lessons learnt are then intended to be used to drive savings across the full portfolio of PFI contracts.

## AUDIT COMMISSION

### Audit Fees 2011/12

On 25 February 2011, the Audit Commission published its work programme and scale of fees for 2011/12.

The associated press release notes: "On 13 August 2010, the government announced its plan to abolish the Commission. So the scale fees for 2011/12 could be the last the Commission sets."

Within the publication, the Audit Commission has announced the following reductions in its scale of audit fees for 2011/12:

- Upper Tier Authorities - 10%
- Lower Tier Authorities - 5%
- Police and Fire Authorities - 8%

**OFFICE FOR NATIONAL  
STATISTICS**

**Inflation**

On 15 February 2011, the ONS announced:

- CPI annual inflation for January was +4.0% (+3.7% in December)
- RPI annual inflation for January was +5.1% (+4.8% in December).

**FINANCE WITH VISION**

**LG Futures**

**Technology House, 151 Silbury Boulevard, Milton Keynes MK9 1LH**

**[www.lgfutures.co.uk](http://www.lgfutures.co.uk) | T. 01908 424387**

Incorporated in England and Wales under registration number: 05308266 | VAT registration number: 855940493