

LOCAL GOVERNMENT FINANCE MONTHLY UPDATE

NOVEMBER 2009

This briefing provides LG Futures' clients with a free monthly summary of topical issues affecting local authority finances. In addition, we also provide a subscription-based Funding Briefing Service, which is designed to provide authorities with detailed insight into the key Government funding announcements that will impact upon 2010/11 budgets and medium term financial planning processes.

If you require any further information, or are potentially interested in subscribing to our full Funding Briefing Service, please email us at info@lgfutures.co.uk

COMMUNITIES AND LOCAL GOVERNMENT

Provisional Finance Settlement 2010/11

On 26 November, the Parliamentary Under Secretary of State for Local Government, Barbara Follett, published a written statement regarding the local government finance settlement 2010/11.

The statement confirmed the Government's intention to:

- Maintain its policy of three-year fixed funding settlements – the 2010/11 funding figures are the same as those announced at the time of the 2008/09 finance settlement;
- Increase Formula Grant for local authorities by 2.6% to £24.6bn.

On capping, the Under Secretary of State stated, "I expect to see the average council tax increase fall to a sixteen-year low next year while councils protect and improve front line services."

The deadline for submitting responses to the provisional settlement 2010/11 is 5pm on Wednesday 6 January 2010.

A bespoke briefing on the provisional settlement has been circulated to all subscribers to LG Futures' Funding Briefing Service. For more information, please contact info@lgfutures.co.uk.

QUEEN'S SPEECH

Announcement of Government Priorities

On 18 November, the Queen proposed fourteen Bills which outlined the Government's priorities for the coming Parliamentary year.

The Bills included:

- Children, Schools and Families Bill
- Financial Services Bill
- Flood and Water Management Bill
- Personal Care at Home Bill
- Equality Bill - carried over from the 2008-09 session

A briefing highlighting the main items of note in the Queen's Speech for local authorities has been circulated to all subscribers to LG Futures' Funding Briefing Service. For more information please contact info@lgfutures.co.uk.

COMMUNITIES AND LOCAL GOVERNMENT

Consultation on Capital Finance System

On 16 November, CLG launched a consultation on, "Changes to the capital finance system."

The main proposals are to:

- Revise the CLG Investments Guidance (in the light of the recent Select Committee inquiry);
- Amend the Capital Finance Regulations (mainly to mitigate the impact of new accounting standards); and
- Revise the CLG Minimum Revenue Provision Guidance (again, to reflect new accounting standards).

The deadline for responses is Monday 4 January 2010.

COMMUNITIES AND LOCAL GOVERNMENT

City-Region Pilots

On 27 November, the Government signed off a City Region Pilot agreement with the Leeds City Region Partnership (LCRP).

The LCRP comprises of 11 local authorities who will work together to "deliver programmes that will help minimise the impact of the downturn and accelerate the city region's economic recovery."

The agreement includes devolved responsibilities and funding in the delivery of housing and regeneration; innovation support; higher level skills provision; and transport objectives.

Another City Region pilot, in Greater Manchester, is due to be signed off shortly.

COMMUNITIES AND LOCAL GOVERNMENT

Royal Assent of the Local Democracy, Economic Development and Construction Bill

On 14 November, following Royal Assent, the Local Democracy, Economic Development and Construction Bill became law.

The new Act includes:

- A new requirement for councils to undertake an economic assessment of their area;
- New powers for councils to set up mutual insurance companies;
- New powers for local authorities to create 'Economic Prosperity Boards'; and
- The creation of Multi-Area Agreements (MAAs) with statutory duties.

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

Primary School Places

On 30 November, DCSF announced the individual funding allocations, amongst 34 local authorities, of £271m of capital funding. This funding is to be used to build permanent classrooms and facilities to tackle exceptional growth in the number of four and five year olds within the local authority areas.

**OFFICE FOR NATIONAL
STATISTICS**

Inflation

On 17 November, ONS announced:

- CPI annual inflation for October was +1.5% (+1.1% in September)
 - RPI annual inflation was -0.8% (-1.4% in September)
-

FINANCE WITH VISION

LG Futures
Technology House
151 Silbury Boulevard
Milton Keynes MK9 1LH
www.lgfutures.co.uk | T. 01908 424387

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