

LOCAL GOVERNMENT FINANCE MONTHLY UPDATE

AUGUST 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

Empty Shop Revival Fund

On 13 August, the Communities Secretary announced £3m in funding (£52,632 per authority) to 57 local authorities hardest hit by the recession to, "use as they see fit on ideas to boost town centres and transform empty shops into something useful such as a meeting place, a learning centre or a even a showroom for local artists."

The selection of authorities to receive funding was based on rankings within the current Index of Multiple Deprivation and the highest shop vacancy rates.

COMMUNITIES AND LOCAL GOVERNMENT

Preventing Violent Extremism Area Based Grant

On 28 August, the Communities Secretary announced that an extra £7.5m was being added to the Preventing Violent Extremism Area Based Grant (ABG) for 2009/10 and 2010/11.

Each recipient authority will now receive an additional £18,292 in 2009/10 and £63,830 in 2010/11 to their existing ABG allocations.

DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

Funding for Service Water Management Plans

On 18 August, the Government announced the allocation of £9.7m, for developing Service Water Management Plans to help local authorities co-ordinate and lead local flood management work, amongst 77 local authorities in England.

Defra have not yet published their methodology for selecting the 77 local authorities. The Department notes, "the amount of funding awarded to each local authority is related to the estimated number of properties that could be affected by severe rainfall and the expected average cost of developing a surface water management plan for the area. A full explanation of how the funding has been awarded will be published shortly."

A further £5m will be made allocated based on local authority "bids". Defra intends to provide further guidance regarding this bidding round in early September 2009.

**OFFICE FOR NATIONAL
STATISTICS****Mid-Year Population Estimates
2008**

On 27 August, ONS published its 2008 Mid-Year Population Estimates. The figures indicate that the UK population has increased by 0.7% (408,000 people), to 61,383,000.

A revised version of these estimates (taking into account Short Term Migration flows) is intended to be produced in 2010. These revised 2008 estimates will form the base year for the 2008 sub-national population projections that are likely to be used by DCLG to inform individual local authority funding allocations between 2011/12 and 2013/14.

A briefing on these latest ONS figures is currently being prepared for all subscribers to LG Futures' Funding Briefing Service. For further information, please contact info@lgfutures.co.uk.

AUDIT COMMISSION**How Local Authorities are
Responding to the Recession**

On 12 August, the Audit Commission published "When it comes to the crunch: How councils are responding to the recession."

The main findings within the report are as follows:

- The recession is affecting each area differently; areas that were already deprived have been worst affected so far;
- Most councils have taken sensible, low-risk steps to support businesses, labour markets and vulnerable households;
- Government action needs to widen from business support to tackling employment and social issues as the recession progresses;
- Many councils, including those that have escaped the worst effects to date, should be doing more to prepare for the future;
- Councils are very uncertain and concerned about the level of future funding;
- Councils find the plethora of national schemes confusing, and are unclear whether, or how, the schemes will address their specific, local problems.

The report makes a number of recommendations for local authorities, central government; explains how the Audit Commission will provide support (primarily through the Comprehensive Area Assessment process); and provides a checklist for Members, to aid with reviews of their council's approach to the recession.

FINANCE WITH VISION

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