

LOCAL GOVERNMENT FINANCE MONTHLY UPDATE

OCTOBER 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

Reporting of Senior Pay Information

On 22 October, the Minister for Local Government published the Government's response to the Amending the accounts and audit regulations 2003 (SI 2003 No.533), to improve the transparency of reporting of remuneration of senior officials in public bodies consultation.

Proposals contained within the Government's response will create a new legal requirement for local authority bodies to include detailed senior pay information in their next annual statement of accounts, including:

- (a) Salary;
- (b) Bonuses;
- (c) Additional payments;
- (d) Compensation or ex gratia payments;
- (e) Benefits in kind; and
- (f) Pensions.

The final statutory instrument, giving effect to the above proposals, will be laid before Parliament no later than 31 December 2009. Thereafter, the new provision will come into force from 31 March 2010.

COMMUNITIES AND LOCAL GOVERNMENT

Mutual Insurance Companies

On 12 October, the Government laid 'urgent new amendments' on the Local Democracy, Economic Development and Construction Bill that will give best value authorities legislative power to join together to set up and participate in mutual insurance companies. This follows on from concerns raised by local government regarding the Court of Appeal ruling that the participation of councils in London Authorities' Mutual Limited was beyond their statutory powers.

COMMUNITIES AND LOCAL GOVERNMENT

Local Authority Capital Expenditure and Receipts Statistics

On 29 October, DCLG published the Local Authority Capital Expenditure and Receipts England: 2008/09 Final Outturn.

Key points include:

- The underlying trend in capital expenditure shows an increase of 9% from 2007/08 to 2008/09;
- Capital expenditure has risen by 39% in the last four years;
- Capital receipts experienced a year-on-year decrease of 66% in 2008/09 (£1.4 billion). This decrease “reflects the effect of the economic climate over that period on local authority sales of assets.”

COMMUNITIES AND LOCAL GOVERNMENT

Proposed changes to the Growth Fund for 2010-11

On 2 October, the Government published a consultation that proposes reducing the previously announced ‘provisional’ 2010/11 Growth Fund allocations for the 75 Growth Partnerships by £128m.

The Growth Fund is intended to support the provision of infrastructure for housing growth in the designated Growth Areas and Growth Points in England.

The consultation closes on 13 November 2009.

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

Schools’ Capital

From 1 October, Partnerships for Schools (PfS) has assumed responsibility for the management and delivery of all schools’ capital programmes.

PfS is a non-departmental public body that has previously been overseeing the Building Schools for the Future (BSF) and Academies building programmes. From 1 October, its role has been extended to include:

- Primary Capital Programme (PCP);
- Devolved Capital Programmes (including the Modernisation Fund and the Devolved Formula Capital);
- Targeted Capital Programmes (e.g. zero-carbon schools and school kitchens); and
- Management of the schools’ assets regime, and payments to voluntary aided schools.

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

DSG Formula Review Group Meeting – 12

On 5 October 2009, DCSF published the papers presented to the 12th meeting of the DSG Formula Review Group (FRG), held on 13 July 2009.

The meeting discussed the draft final reports on the Additional Educational Needs (AEN) and High Cost Pupils research strands.

A briefing on these papers has been prepared for all subscribers to LG Futures’ Funding Briefing Service. For further information please contact info@lgfutures.co.uk.

PUBLIC WORKS LOAN BOARD**Consultation on fixed interest
rate frequencies**

The Public Works Loan Board has issued a Consultation letter reviewing the frequency with which fixed interest rates are set. For example, rates could be set at the start of business on the basis of market opening rates, so as to take account of overnight movements, and then again three or four times during the business day.

The deadline for responses is 8 January 2010.

**OFFICE FOR NATIONAL
STATISTICS****Inflation**

- Consumer Price Index annual inflation for September was +1.1% (+1.6% in August).
- Retail Price Index annual inflation for September was -1.4% (-1.3% in August).

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