

LOCAL GOVERNMENT FINANCE MONTHLY UPDATE

JULY 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

LABGI Allocations 2009/10 & New Methodology

On 21 July, DCLG published provisional Reward Grant allocations for individual local authorities, under the new 2009/10 Local Authority Business Growth Incentive (LABGI) scheme; and the Government's proposed new methodology for the scheme in 2009/10 and 2010/11.

Subsequently, DCLG discovered they had made an error in calculating the 2009/10 Reward Grant and issued revised allocations on 29 July.

Key points relating to the new 2009/10 and 2010/11 methodology include:

- The Government has reduced the size of the LABGI reward fund for 2010/11, from £100m to £50m
- The division of reward between district and county councils in two-tier areas has been changed to 50:50, rather than 33:66
- Local authorities are now assigned to one of 55 regional sub-groupings for the purposes of allocating the Reward Grant

A bespoke briefing on the two announcements has been circulated to LG Futures' Funding Briefing Service subscribers. For further information please contact info@lgfutures.co.uk

COMMUNITIES AND LOCAL GOVERNMENT

Business Rate Deferral Scheme

On 31 July 2009, the Minister launched the start of the Business Rate Deferral scheme. From 31 July:

- All business rate payers can now defer 3% of their whole year's 2009/10 business rates bill
- Business rate payers who accrued a rise in their bill because transitional relief has come to an end can now defer 60% of the increase

COMMUNITIES AND LOCAL GOVERNMENT

Reduction in Non-Domestic Planning Applications

On 30 July 2009, DCLG launched three consultation papers containing future Government proposals arising from the Killian Pretty review. The Killian Pretty review was tasked with investigating opportunities for improving the planning application process.

The three consultation papers are:

- Improving permitted development
- Streamlining information requirements for planning applications
- Publicity for planning applications

From a financial perspective, it appears that the “Improving permitted development” paper is the most significant for local authority income streams. This consultation proposes allowing minor extensions and alterations to shops, offices, industry and institutions (including schools, universities, and hospitals) to proceed without a planning application. However, the Government state that “these proposals could ... save businesses at least £20million a year.”

The deadline for responses to these consultations is 23 October 2009.

COMMUNITIES AND LOCAL GOVERNMENT

Detailed proposals and draft regulations for the introduction of the Community Infrastructure Levy: Consultation

On 30 July 2009, DCLG published a consultation containing detailed proposals and draft regulations for the introduction of the Community Infrastructure Levy (CIL) from 2010.

The proposals include:

- CIL will be discretionary and locally determined by councils according to their local needs, to help raise funding for new infrastructure (i.e. schools, hospitals, roads, libraries, parks and leisure centres)
- Councils that decide to set a levy will consult with the local community and industry to draw up an independently examined local charging schedule

The deadline for responses is 23 October 2009.

A briefing on this consultation paper is currently being prepared for all subscribers to LG Futures’ Funding Briefing Service. For further information please contact info@lgfutures.co.uk

COMMUNITIES AND LOCAL GOVERNMENT

Reform of Council Housing Finance

On 21 July 2009, the Minister for Housing issued a consultation on reforming the current Housing Revenue Account (HRA) subsidy system.

The consultation paper covers a range of issues, including:

- Flexibility and transparency
- The current HRA ring-fence
- Dismantling of the current housing subsidy system
- Redistribution of debt
- Long-term planning
- Pooling of housing capital receipts

The deadline for responses is 27 October 2009.

A briefing on this paper has been placed on the subscribers’ page of our website. For further information please contact info@lgfutures.co.uk.

**DEPARTMENT FOR CHILDREN
SCHOOLS AND FAMILIES**
**Extended Schools Subsidy
2010/11**

On 17 July 2009, DCSF announced individual local authority allocations of the £167m Extended Schools Subsidy for 2010/11.

This funding is to be used to increase out of hours services in local schools.

DEPARTMENT OF HEALTH
**“Shaping the Future of Care
Together” -
The Social Care Green Paper**

On 14 July 2009, DH published its Green Paper on the future of Social Care. The Government’s stated vision for the future includes:

- Support for independent living for as long as possible
- The same entitlement to assessment of needs wherever you live
- Joined up services
- A care and support system that is easy to understand and use (from a user perspective)
- Services based on personal circumstances and need
- Money being spent wisely

The Green Paper also suggests that local authorities will continue to have a key role in terms of:

- The channel for state funding and support
- Responsibility for assessment
- Providers of information, advocacy, and care management
- A provider and commissioner of services
- A fosterer of innovation in care and support

The deadline for responses is 13 November 2009.

A briefing on the Green Paper has been placed on the subscribers’ page of our website. For further information please contact info@lgfutures.co.uk

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