

LOCAL GOVERNMENT FINANCE MONTHLY UPDATE

MARCH 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

Council Tax and Capping

The Minister for Local Government has announced that the average Band D council tax, in England, increased by 3% for 2009/10.

He also announced that Surrey and Derbyshire Police Authorities have been "designated" for capping action. They now have 21 days to make their case to Government.

The capping principles for 2009/10 were:

- a budget requirement increase of more than 4% between 2008-09 and 2009-10; and also
- a Band D council tax increase of more than 5% over the same period.

Derbyshire Police Authority has set its budget increase to 4.99% and its council tax to 8.68%. Surrey Police Authority was capped last year and set a notional budget for 2008/09. Based on the notional amounts, Surrey has set its budget increase to 4.82% and its council tax to 7.07%.

COMMUNITIES AND LOCAL GOVERNMENT

Migration Impact Fund

The Communities Secretary and Home Secretary announced the launch of the £70m Migration Impact Fund on 19 March 2009. The purpose of the MIF is to recognise that migration can place short term pressures on local public services, including councils, schools, NHS and the police.

Economic migrants and students coming to the UK from outside the EU will be charged a levy in addition to their normal visa application fee to pay for the fund.

£29.3m will be distributed by the Government Offices, in 2009/10. 'A similar amount' is expected to be provided in 2010/11.

Bids for the fund are due to be submitted to the Government Offices by 1 May 2009.

A briefing on this new initiative has been sent to all subscribers to the LG Futures' Funding Briefing Service. For further information please contact info@lgfutures.co.uk.

COMMUNITIES AND LOCAL GOVERNMENT
Business Rates

The Government has announced that it intends to introduce new legislation, by the Summer, that will allow businesses to spread the 5% increase in the 2009/10 NNDR bills over the next three years.

Once the new regulations are in place, Government expects Local Billing Authorities to write to businesses providing the option of a revised schedule of payments for 2009-10 bills. However, in the meantime, businesses are expected to continue to pay their bills as normal.

COMMUNITIES AND LOCAL GOVERNMENT
Consultation on Amending the Accounts & Audit Regulations 2003 – Senior Officers Pay

On 30 March, the Government launched a consultation that proposes creating a new legal requirement for local authority bodies to include detailed senior pay information in the 2009/10 annual statement of accounts.

The new remuneration disclosure rules would require councils to set out full details for around 2500 specifically identified senior posts, including temporary senior appointments, covering salary, bonuses, pensions, perks and compensation pay offs.

Additionally, the proposals also require councils to publish a head count, in narrower £5,000 band increments, of all staff taking home more than £50,000 a year.

The closing date for responses to the consultation is 22 June 2009.

COMMUNITIES AND LOCAL GOVERNMENT
Settlement Working Group

The Settlement Working Group (SWG) met on 25 March 2009 and considered papers concerning:

- Concessionary Fares
- The Area Cost Adjustment
- Population Statistics
- Highways Maintenance

A briefing on the papers for this meeting has been sent to all subscribers to the LG Futures' Funding Briefing Service. For further information please contact info@lgfutures.co.uk.

COMMUNITIES AND LOCAL GOVERNMENT
Housing Rents

On 6 March 2009, the Minister for Housing Minister announced that the Government would make funding available to allow local authorities to halve the average guideline rent increase for 2009/10 from 6.2% to 3.1% for local authority tenants.

COMMUNITIES AND LOCAL GOVERNMENT
Icelandic Banks

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009 came into force on 31 March 2009.

CLG have stated that the main benefit arising from these Regulations is that "authorities have been relieved of the need to make provision in their budgets for 2009-10 for any possible loss on these investments (other than the loss of

interest). The accounts will continue to show the impairments in accordance with proper accounting practices, but authorities have been enabled to make offsetting credits to prevent any impact on budget calculations for 2009-10.”

**DEPARTMENT FOR CHILDREN,
SCHOOLS AND FAMILIES****DSG Formula Review Group
Meeting**

The Dedicated Schools Grant (DSG) Formula Review Group met on 30 March 2009 to consider various interim reports from PWC concerning their ongoing research into:

- Additional Educational Needs (AEN) and High Cost pupils
- Activity Led Funding
- The Area Cost Adjustment

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

DEPARTMENT OF HEALTH**Social Care Reform Grant
Allocations**

On 5 March 2009, the Department of Health published final local authority allocations of the ring-fenced Social Care Reform Grant. £192m and £237m is being made available in 2009/10 and 2010/11 respectively.

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