

2007 Pre-Budget Report and Comprehensive Spending Review

Empowering local government and communities

The Comprehensive Spending Review provides new resources and flexibility for local government to deliver increased local prosperity and personalised public services, responsive to the needs of those who use them. Over the last ten years, Government grants to local government have increased by 39% in real terms. The CSR grows resource DEL for local government at 1 per cent per year in real terms over the next three years. This enables local government to deliver an overall council tax increase of well below 5%.

In addition, new resources of £150 million will support local government to deliver an ambitious value for money and service transformation reform programme over the Comprehensive Spending Review - realising net cash-releasing savings of £4.9 billion by 2010-11.

To provide additional flexibility to respond to local priorities, more than £5 billion of grants will be mainstreamed over the CSR, removing ringfencing and other controls. Alongside a real reduction in central targets and proposals to introduce powers for local authorities to raise business rates supplements to improve local economic growth, the Government significantly advances its agenda of devolution to the local level.

The Secretary of State for Communities and Local Government, Hazel Blears said:

“This is a positive settlement for local authorities with major new freedoms that put local communities in the driving seat.

We are delivering on our devolution promises – slashing red tape, increasing financial flexibility – to support councils in delivering personalised, responsive public services and rising local prosperity. This settlement means there is no excuse for excessive council tax increases.

Councils have a proven track record on improving services and achieving efficiency gains and this package, with radical new financial flexibilities, will help them to continue this success. We know local authorities face challenges

– as does central Government – but devolution is about taking responsibility for these. They must now rise to the challenge and show leadership alongside delivering value for money.”

NOTES FOR EDITORS

1. Revenue Support Grant and National Non Domestic Rates will total £24,081m in 2008/09, £24,920m in 2009/10 and £25,763m in 2010/11. This includes £677m in 2008/09, £853m in 2009/10 and £1,069m in 2010/11 to support PFI projects.
2. The settlement also provides an additional £212m/£217m/£223m for the national bus concession scheme through a specific grant from Department for Transport.
3. Government publishes a National Performance Indicator set for local government later this week, consisting of a single set of 198 indicators for all local authority outcomes delivered alone or in partnership. There will be no mandatory targets for Local Authorities.
4. A reduction in ring-fenced and specific grants such that £5 billion of grants from government departments will be mainstreamed through either Revenue Support Grant or Area Based Grant by 2010-11 ensuring that local authorities can direct more resources to local priorities. The list of these grants will be published shortly by CLG.
5. An additional £150 million will be provided to support the achievement of the Efficiency Delivery Plan. The plan is published by CLG today. It sets out the details of the savings that local government can make and the support that Government will provide the sector to do so. It is based on considerable joint work between Government and the local government sector over the last year.
6. The Government has today published an issues paper on the Local Authority Business Growth Incentives scheme, setting out its commitment to creating a permanent incentive for councils that encourages sustainable economic growth, fully integrated with the local government finance system. The new incentive will be phased in from 2009/10, with funding of £50m doubling to £100m in 2010/11.
7. The Government today publishes a White Paper on business rate supplements, setting out the Government's plans to introduce a power for local authorities to raise and retain local business rate supplements. This power will be subject to four levels of protection for business, with detailed statutory consultation, a maximum limit of 2p, an exemption for properties with a rateable value less than £50,000 and a requirement to ballot where the supplement supports more than a third of the cost of the project.

8. CSR announces a process of engagement with the public leading to the development of a Green Paper to explore options for reforming the adult care and support system.

Table

CLG Local Government baseline and additions				
	£ million			
	Baseline	Additions		
	2007-08	2008-09	2009-10	2010-11
Resource DEL	23,714	986	1,888	2,695
<i>of which LG programmes</i>	<i>594</i>	<i>25</i>	<i>38</i>	<i>-48</i>
<i>of which Net AEF¹</i>	<i>23,120</i>	<i>961</i>	<i>1,800</i>	<i>2,643</i>
<i>of which LABGI²</i>	<i>0</i>	<i>0</i>	<i>50</i>	<i>100</i>
Capital DEL	143	-49	-29	-51
Total DEL³	23,857	937	1,859	2,644

¹ Net Aggregate External Finance comprises Revenue Support Grant (RSG) and National Non-Domestic Rates (NDR). This includes £677m in 2008-09, £853m in 2009-10 and £1,069m in 2010-11 to support PFI projects.

² Local Authority Business Growth Incentive scheme.

³ Full resource budgeting basis, net of depreciation.

For further details of DCLG's settlement and their Departmental Strategic Objectives over the CSR07 period, please see *The 2007 Pre-Budget Report and Comprehensive Spending Review: Meeting the aspirations of the British people* www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm

The Government today announced 30 cross-departmental Public Service Agreements, setting out the top priorities for the CSR07 period. For further details on these please see: www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm

Media Enquiries to CLG press office 020 7944 5945