



Association

Briefing Note.

Councillors Forum 11th November 2010

Greg Clark MP, Minister for Decentralisation and Bob Neil, Parliamentary Under Secretary of State will be attending Councillors Forum on 11th November. This briefing provides a summary of key issues and suggests some areas of questioning which members may wish to raise during the discussion session.

Local Government Finance:

The spending review sets out real terms reductions of 28% in local authority budgets over the next four years. This compares with overall cuts of 8.3% across all departmental budgets. Local authority core funding from CLG falls from £28.5bn in 2010-11 to £22.9bn in 2014-15. Local authority capital funding is cut by the equivalent of 45% over the period, compared with 29% over the whole of the public sector.

Key areas for discussion:

- **The rationale for front loading the cuts.** The fall in grant is more than 7% a year in real terms, and significantly front-loaded.
- **What is in or outside of formula grant?** We would welcome greater clarity on the assumptions being used by the department.
- **The relationship between options to enable councils to retain locally-raised business rates and incentive based measures such as Business Increase Bonus** which may be top sliced off formula grant and which could have a differential impact on councils up and down the country.
- **The impact of the changes to the contractual footing of new social tenants on the housing benefits bill.** Social landlords will be able to offer a growing proportion of new social tenants new intermediate rental contracts at rent levels between current market and social rents, this is likely to be at around 80% of market rent.

Burdens and Barriers:

Greg Clark MP has a cross government role to champion decentralisation and will be reporting to the Prime Minister in the summer on the progress each department has made to decentralise

Key areas for discussion:

- **Increased flexibility to set fees and charges that are locally appropriate are more important than ever in the current financial climate.** For example currently every £1 of fee income from developers is matched by money from the council - in more complex applications this figure rises to more than £2.
- **Tackling burdens and barriers that are important to the sector as a priority.** For example requirements to publish planning notices in newspapers is an issue raised time and time again by local authorities. On this specific issue how does this fit with the Department's review of

the Publicity Code which will restrict how councils can communicate with their residents but still require them to publish these notices?

Decentralisation and Localism Bill:

The Decentralisation and Localism bill is expected to be introduced at the end of November. It will be a large bill focusing on setting out the legislative framework to build the Big Society and establishing a more transparent public sector. The bill will pay particular attention to setting out a new lighter touch and deregulated planning system abolishing regional planning, radically simplifying national policy, transferring decisions on national scale projects to Ministers, and an emphasis on the neighbourhood level.

Key areas for discussion:

- **Avoiding prescription around how policies are delivered.** It is crucial that the measures in the bill should be implemented in a way that is locally appropriate rather than via detailed mechanisms set out in national policy statements, guidance or legislation.
- **Ensuring planning decisions balance the impact on and the needs of different parts of the council area.** This is a decision that should be taken by democratically elected councillors to ensure accountability and transparency over planning.
- There are conflicting messages emerging from the department at the moment regarding its policy to impose **directly elected Mayors** on 12 English Cities subject to confirmatory referenda. Members may wish to probe on the process and timescales to hold referenda.