

March 2010

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The increase in the net aggregate external finance (redistributed business rates and RSG) is down from the 2009-10 figure, from 2.8% to 2.6%.

Revenue Support Grant Settlement 2010/11

This article reviews the plans of the Secretary of State for Communities and Local Government (Secretary for C&LG) under section 78a of the Local Government Finance Act 1988 (LGFA 1988) for the determination of the 2010/2011 financial year revenue support grants that will be paid to each authority.

The Local Government Finance Settlement 2010-2011 as announced in a written statement by local government minister Barbara Follett, confirmed no changes to the formula grant for 2010-11 as in previous years of the three year settlement first announced in 2008.

The figures are for one year only as there has yet been no indication as to what funding councils will receive after April 2011 and beyond. This will be dependent on the Comprehensive Spending Review of 2010 that is expected to include significant public expenditure reductions.

The proposed increase in total aggregate external finance (all grants plus redistributed business rates) is 4%. This compares with an increase of 4.2% in 2009-10. This reflects the lower formula grant increase.

The increase in the net aggregate external finance (redistributed business rates and RSG) is down from the 2009-10 figure, from 2.8% to 2.6%.

There is no change in damping arrangements which remain as follows; floors of 1.5% for authorities with education and social services responsibilities, 2.5% for police authorities and 0.5% for shire districts and fire and rescue authorities.

These are paid for by scaling down the grant increases to authorities within the same class above the floor.

The key points of the settlement are as follows:

- The three year settlement formula remains unchanged from previous years of the grant settlement. This is widely welcomed by local authorities as this has given councils more certainty in their ability to plan their finances and structure their budgets.

It must be noted that there will be no reductions to the 2010-11 settlement further to its approval by Parliament.

- It must be noted that in the 2010-11 financial settlement the government is assuming that £125million for the six months from October 2010 to April 2011, and £250million in a full financial year, will come from efficiency savings.

It seems strange to continue the policy of council tax capping within this year's settlement. Many local authorities have set record low Council Tax increases for 2010/11 or have even made reductions in Council Tax.

Although local government is the most efficient part of the public sector as local government as a whole made savings of just over £3 billion from 2005-2008 and a further £1.7 billion in the period of 2008-2009, further efficiencies may already have been accounted for before this policy was introduced

- Councils will be under strict instructions to deliver more for less, however they consider that they are being hindered from doing this by the costs of centralised regulation. Inspections and bureaucracy are considered to be hindering real progress being made in this area.

This is seen as taking resources away from frontline services which are in desperate need of more resources. It is estimated that £4.5 billion could be saved by reducing monitoring and regulatory burdens on councils, and cutting back unnecessary Whitehall policy activity and control in this area freeing up councils to produce better quality for less without fear of bureaucratic problems.

Council tax rises and capping has been a much publicised issue. It was noted that in the Minister's statement she explained that she expects council tax increases to fall to a 16 year low in 2010-11. Because of this it seems strange to continue the policy of council tax capping within this year's settlement. Many local authorities have set record low Council Tax increases for 2010/11 or have even made reductions in Council Tax.

There is a fuller briefing paper on the Revenue Support Grant settlement that can be freely downloaded from http://www.awics.co.uk/documents/briefing_papers/finance/Revenue_Support_Grant_Settlement_2010-2011_25-02-2010.pdf

'AWICS' is holding the 2010 series of seminars on 'All You Want to Know about Local Authority Finance 2010' at venues around England between March and November 2010. These popular seminars are designed to be an introduction and overview of local authority finance. They refer to the Revenue Support Grant settlement 2010/11 among other aspects of local authority finance. Places are filling quickly but there are still some places available.

If you would like more information or would like to make a booking, please visit http://www.awics.co.uk/RegionalSeminars/ViewCourse/all_you_want_to_know_about_local_authority_housing_finance_2010.

Adam M. Waite

Redcar & Cleveland Council invites residents to spend £120million

REDCAR and Cleveland Council has offered the public the chance to spend £122million on services across the Borough as part of its budget consultation.

A special computer programme, available through the Council's website, will allow residents to control the Authority's purse-strings, making their own decisions of where the money will go.

The Council's Cabinet Member for Corporate Resources Councillor Peter Scott said:

"This gives a fascinating insight into just how a budget is put into place.

"We believe we're getting our sums right, but it's always important to canvas opinion, and this is certainly an innovative way of doing that."

When anyone logs on to www.redcar-cleveland.gov.uk, there is a direction to the 'budget simulator' based on last year's £122million budget.

The programme takes you through all the service areas, with details of the budget demands for each area, ranging from services for children and young people and the care of older people to tackling anti-social behaviour, regeneration and transport.

Councillor Scott said:

"Our budget planning is based on 14 key elements, based on the key priorities that have been identified by the Council through consultation with residents.

"We have calculated how much it will cost to deliver the key priorities and we believe we're getting it right. But I'm sure it will be fascinating for others to try and do the same thing."

He added:

"Of course, this is a light-hearted exercise, but it's got a serious side, too, getting the public's ideas on spending.

"We've had a successful initial consultation period and now this will provide us with more interesting information and we hope the public can enjoy the experience.

"We'll certainly be using the feedback before Cabinet meet to make its proposals for the Council Tax-setting in March."

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*The White Paper,
Communities in Control,
Real People, Real Power,
put participatory
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democracy*

The White Paper, Communities in Control, Real People, Real Power, put participatory budgeting firmly at the heart of the Government's drive to pass more power to local communities and help reinvigorate local democracy.

On 15th September 2008, Hazel Blears MP, Secretary of State for Communities & Local Government, launched 'The Participatory Budgeting national strategy: Giving more people a say in local spending'.

The strategy sets out how the government will work towards their ambition for participatory budgeting to be used in every local authority area by 2012. The strategy takes account of the consultation on the draft strategy that broadly supported the approach to promote and help facilitate participatory budgeting, rather than prescribe or require it.

Communities and Local Government funds the Participatory Budgeting Unit, as the department's key delivery agency, to help promote and develop participatory budgeting and advise community development workers and local authority officials on the development of new projects.

Some local authorities have suggested that they should be allowed to breach limits on Council Tax increases if participatory budgeting exercises demonstrated that local council taxpayers would support this as a way of paying for enhanced services. However, the government has rejected this idea.

'AWICS' is holding the 2010 series of seminars on 'All You Want to Know about Budgets and Financial Management 2010' at venues around England between May and November 2010. These popular seminars are designed to be an introduction and overview of budgets and financial management in the public sector. Places are filling quickly but there are still some places available.

If you would like more information or would like to make a booking, please visit our [website](#).

Adrian Waite

The Local Democracy, Economic Development and Construction Bill and the Commission for Rural Communities

Introduction

The local democracy, economic development and construction bill was introduced to Parliament in May 2009 and passed in November 2009. It aims to transfer many government decisions down to communities and local government. The Commission for Rural Communities (CRC) welcomed the act, but believes that parishes and town councils can play a more valuable consultation role, putting forward the perspective of local businesses and communities. The CRC also backs rural proofing for national policy.

Democracy and Involvement

Following plans to promote good practice, the Commission for Rural Communities commends the proposal of greater response to local petitions. The Commission for Rural Communities' 2008 inquiry into rural councillors' roles, opportunities and challenges, found there was a need for strengthening the petition process in local government; this recommendation has been used in the local democracy, economic development and construction act.

Governance and Audit

The Commission for Rural Communities approves of the move to develop joint scrutiny committees, which relate between district and county councils, and support the examination of partners' involved in local government contracts helping ensure accountability in two tier rural areas.

There is a similar move proposed by the National Association of Local Councils (NALC); they recommend modernisation of town and parish councils in order to increase their efficiency and ensure they do not encounter any unwarranted criticism. The National Association of Local Councils are also working towards removing restrictions on town and parish council payment methods (at present they are only permitted to make payments by cheque), their strategy has the backing of the Society of Local Council Clerks and the Audit Commission. The Commission for Rural Communities also backs these proposals saying:

“Both of these proposals have merit and would help improve the management of parish and town councils on behalf of local people.”

Local Authority Economic Assessments

A new economic property duty has been introduced, which is again backed by Commission for Rural Communities; they reason that the new duty will highlight the integral role that local authorities play in responding to, and leading local economic change and development. However, the Commission for Rural Communities qualifies this support, stating that onus should not be placed on a singular local economy, particularly in rural areas or large areas including different economic groups. The onus in these cases should be placed on multiple local economies; this would ensure that each area is considered on its own economic strengths and needs. An additional point is raised by the

The local democracy, economic development and construction bill was introduced to Parliament in May 2009 and passed in November 2009. It aims to transfer many government decisions down to communities and local government.

Rural proofing is an important concern if equality is to be reached between England's urban and rural areas. Twenty percent of the English population lives in rural areas; over these rural areas, many services lack consistency, varying in efficiency and quantity from region to region.

Local Government Association, who, in their 2007 report, Productivity and Place – Economic Performance in Remote Areas, state

“Market town structures are the key economic drivers of productivity in non urban areas”

Most market towns use town partnerships to develop and direct economic initiatives and planning in their area, of which town councils are an important member

Regional Strategies

A joint collaboration between the Regional Development Agencies (RDAs) and the Leader's Boards of local authority leaders to prepare Regional strategies has been welcomed by the Commission for Rural Communities. However, some concern has been expressed as to the compatibility between the Regional Development Agencies and the local authorities in regard to their long term goals for developing rural economies; the Commission for Rural Communities is reserving judgment, but is aware of investment in rural economies by Regional Development Agencies and that at least one member of the board, in each Regional Development Agency, is required to have experience of rural living and/or the rural economy. Other concerns highlight the danger of elitist and exclusive behaviour becoming prevalent in some Leaders' Boards leading to exclusion or disregard of rural authorities concerns.

The Commission for Rural Communities backs rural proofing for all new regional strategies, adding that rural proofing should be included in any guidance developed by the government on the topic. The Commission for Rural Communities believes that rural proofing is an important concern if equality is to be reached between England's urban and rural areas. Twenty percent of the English population lives in rural areas; over these rural areas, many services lack consistency, varying in efficiency and quantity from region to region. Rural proofing aims to account for these existing rural issues when developing strategies so the strategies are just as effective in a rural setting as in an urban setting.

Multi-Area Agreements

The Commission for Rural Communities and some local authorities are concerned that due to Economic Prosperity Boards, urban regions may receive funding that perhaps should be invested in more rural areas. The Commission for Rural Communities believes that the potential for economic development in rural areas should be prioritised in the post recession phase.

Conclusions

The Commission for Rural Communities is pleased that their recommendations for strengthening the petition process in local government have been used in the act. The Commission for Rural Communities also approves of the move to develop joint scrutiny committees, the new economic property duty and collaboration of Regional Development Agencies and Leader's Boards prepare Regional strategies. In general, the Commission for Rural Communities backs the proposals of the local democracy, economic development and construction act, but believes that some improvements could still be made in developing rural proofing policies.

Amy Elliott

The Commission for Rural Communities believes that the potential for economic development in rural areas should be prioritised in the post recession phase.

Educational Transformation in Redcar & Cleveland

REDCAR and Cleveland Council is drawing up an outline business case for the Government's approval that will herald the start of a massive transformation of schools across the Borough in a £90million modernisation programme.

Seven schools will be at the forefront of the Government's Building Schools for the Future programme, but every school will feel the benefit of a £6.5million injection into improving Information Communication Technology (ICT) as part of the funding package.

But the recommendations unanimously approved by the Council's Cabinet have been tinged with regret as they involve the decision to cease to maintain St Peter's Catholic College of Maths and Computing at South Bank.

The Council's Cabinet Member for Children's Services and Education Councillor Ian Jeffrey said:

"The whole focus of the project is on the transformational improvement of educational across the Borough.

"But it has been a long and difficult process for all of us. We have been between a rock and a hard place and it's left us making hard choices.

"This is not the first time we have been in this position. When Freebrough College was created, three secondary schools were closed. But with hindsight those changes were for the best and I hope that in time, people will see the benefits of this decision."

"The whole focus of the project is on the transformational improvement of educational across the Borough.

"But it has been a long and difficult process for all of us. We have been between a rock and a hard place and it's left us making hard choices.

One of the biggest challenges the Council needs to resolve concerns Eston Park, which is a successful and popular school in an old and unsuitable building.

The Council's proposals will close Gillbrook College, where standards have been low for a number of years and where pupil numbers are also low.

Gillbrook's brand new building will form the centrepiece for an expanded Eston Park School, linked to the new collaborative 6th Form Centre.

Councillor Jeffrey explained:

"The governing body at Eston Park has made it known that they prefer to keep the number attending their school low. They also do not believe they should be expected to assume responsibility for Gillbrook's building, which was created under the PFI scheme."

"However, the creation of a strong community secondary school for the benefit of all the young people in the area must logically be based on the excellent new facilities that already exist at Gillbrook."

'Building Schools for the Future' has been controversial in some areas but appears to be successful in Redcar & Cleveland.

The full Building Schools for the Future proposals programme is:

- A combined new school for Redcar Community College and Kirkleatham Special School - around £24million, where mainstream and special school children can enjoy their learning together.
- Transforming Nunthorpe School - around £18million, new build and extensive remodelling linked to the new collaborative 6th Form Centre being shared with pupils from the Eston area.
- Transforming Laurence Jackson School - around £17million, new build and extensive remodelling, retaining major sports facilities, with £9million proposals to relocate Kilton Thorpe Special School so mainstream and special school children can enjoy their learning together.
- Remodelling Eston Park - around £7.5million to remodel parts of the school, linked to the new collaborative 6th Form Centre they share with Nunthorpe and the proposed utilisation of existing new build at Gillbrook.
- New build for Education Other Than At School (EOTAS)/Pathways - around £5.5million for joint purpose-built Behaviour and Attendance inclusion unit with Special School.
- Improved ICT provision - around £6.5million
- New academy status for Freebrough Community College, with Teesside University and the Council as sponsors.

'Building Schools for the Future' has been controversial in some areas but appears to be successful in Redcar & Cleveland.

The series of seminars 'All You Want to Know about Local Authority Finance' referred to in this newsletter, will include reference to education finance and the Building Schools for the Future programme.

Adrian Waite

Concern over Scottish Public Sector Finances

An Audit Scotland report 'Scotland's public finances: preparing for the future' looks at the country's financial situation and at how the Scottish budget is scrutinised and decided. Auditor General, Robert Black, said:

"The first ten years of devolution was a period of significant growth for the Scottish public sector. That picture is changing fast. There are serious financial pressures ahead and the whole of the public sector must quickly find ways of making informed decisions about competing priorities."

The report describes the growing financial pressures caused by a smaller budget at the same time as an ageing population, the rising costs of free public services, the backlog of maintenance and repair of buildings, roads and other assets, and the extra pressures on public services as unemployment rises during the recession.

By 2013/14, the gap between planned Scottish Government spending and the money available could be between £1.2billion and £2.9billion. The Scottish Government's budget for 2009/10 is around £30billion.

Mr Black questioned whether the gap could be filled by the Scottish Government's efficiency programme, which is planned to deliver two per cent annual cash savings by the end of 2010/11. He said:

"The Scottish Government's efficiency programme is reporting significant savings, but the reductions required over the next few years will not be met just by the two per cent efficiency savings, and difficult decisions will be needed on other ways to reduce public spending."

The report says that the Scottish public sector needs much better information that links its spending with actual service delivery, costs and performance. Mr Black said:

"Most of the public sector needs to get much better at measuring and improving its productivity, but all too often we find that the basic information is not there."

Mr Black said that better information would support the Scottish Parliament in scrutinising the budget:

"I welcome the progress being made by the Finance Committee to strengthen the budget scrutiny process. The Committee would be greatly helped by better information on costs, activities and service performance across most of the public sector."

"The first ten years of devolution was a period of significant growth for the Scottish public sector. That picture is changing fast. There are serious financial pressures ahead and the whole of the public sector must quickly find ways of making informed decisions about competing priorities."

The report suggests that the Parliament's Finance Committee and the Public Audit Committee should organise wide-ranging performance reviews of major service areas.

Scottish Finance Secretary, John Swinney MSP has already expressed concerns about Scottish finances. In a letter to the Chancellor, he has called for a package of measures to support businesses and the wider Scottish economy.

The letter highlights what has been achieved already through accelerated capital spending in Scotland which has supported 5,000 jobs - a key part of the Scottish Government's Economic Recovery Plan which is supporting some 15,000 jobs.

In light of the continuing recession the Finance Secretary has reiterated the need to accelerate further capital spending in the coming year. Mr Swinney wrote:

"While we are beginning to see tentative signs of recovery in some areas of the economy in Scotland, which this government is working to support and encourage, it is still the case that we are experiencing one of the deepest recessions in recent memory.

"While we are beginning to see tentative signs of recovery in some areas of the economy in Scotland, which this government is working to support and encourage, it is still the case that we are experiencing one of the deepest recessions in recent memory.

"It is essential that the Pre-Budget Report supports a sustainable recovery. Within the limits of our devolved powers, we have already maximised our contribution. By focusing resources on economic recovery we will be supporting up to 15,000 jobs in Scotland.

"Accelerating capital spending is central to Scotland's Economic Recovery Plan. Our Local Authorities are investing £90m to accelerate a range of capital spending programmes spread across Scotland.

"The Scottish Government is investing £29million to deliver road improvements and enhanced park-and-ride facilities to cut congestion. Transport Scotland has brought forward £23.9million of capital spend from 2010-11 to 2009-10. Colleges and universities are also benefiting from £20.5million of extra infrastructure improvements through the acceleration of capital spending over 2008-10."

"I urge you to ensure we can maintain this support. Despite the return to growth in some areas of the global economy, and some positive indications at home, the recent GDP figures demonstrate that it is essential that we do all that we can to assist businesses by focusing on measures to support recovery.

Adrian Waite

Advert: The Institute of Public Sector Management

The Institute of Public Sector Management exists to cater for the needs of all managers working in the public, voluntary and not-for-profit sectors. We offer mentoring, training, career advice, conferences, seminars and occasional by-invitation events.

Members are entitled to use the designatory letters IPSM after their names, have access to a **frequently updated web site, have exclusive access to an internal discussion forum, receive the Institute's** quarterly journal E-TOPICS, and much, much more.

It makes sense to join a unique professional organisation dedicated to the aims and ideals of managers working in or with the not-for-profit, voluntary and public sectors - please visit www.ipsm.org.uk for further information, including an e-brochure incorporating an application form and other details, or send an e-mail to info@ipsm.org.uk, or write to Derek Wolfe, Hon. Secretary, IPSM HQ, 45 Cherry Tree Road, Axminster, Devon, EX13 5GG, or telephone 01297-35423 for more information.

The IPSM was formed in 1982 and is celebrating 25 years of service to public sector managers - why not let an experienced and mature organisation help you to excel, both as a manager, and as a service provider?



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'Public Services News' is widely read in national and local government, housing associations, other public organisations, voluntary bodies and private organisations providing services to the public sector.

Whether you are advertising a vacancy, a product or service or a tender; we can offer you a competitive price.

For a copy of our terms and conditions and advertising rates contact Adrian Waite on 017683-52347 or 52165 or adrian.waite@awics.co.uk or at the address below.

Upcoming Regional Seminars 2010

AWICS is currently running a new series of our regional training seminars. The upcoming regional courses include:

All You Want to Know about Local Authority Housing Finance in England 2010

This popular series provides an introduction and overview of local authority housing finance in England. The 2010 series is fully updated and seminars will be held in every region of England.

- Northeast: Thursday 6th May 2010 – New Northumbria Hotel, Newcastle-on-Tyne

All You Want to Know about Local Authority Finance in England 2010

This popular series provides an introduction and overview of local authority finance in England. The 2010 series is fully updated.

- London: Tuesday 16th March 2010 – Ibis Hotel, Euston
- Cumbria: Tuesday 4th May 2010 – Hallmark Hotel, Carlisle

All You Want to Know about Housing Association Finance in England 2010

This popular series provides an introduction and overview of housing association finance in England. The 2010 series is fully updated.

- London: Tuesday 20th April 2010 – Ibis Hotel, Euston

All You Want to Know about Budgets and Financial Management 2010

This popular series provides an introduction and overview of budgets and financial management in the public sector that is especially suitable for non-financial people.

- London: Thursday 13th May 2010 – Ibis Hotel, Euston

All You Want to Know about Local Authority Housing Finance in Scotland 2010

This popular series provides an introduction and overview of local authority housing finance in Scotland. The 2010 series is fully updated.

- Tuesday 25th May 2010 – Best Western Park Hotel, Falkirk

New standards for Housing Associations and Local Authorities: New Regulations, New Sanctions

- Tuesday 27th April 2010 – Novotel Hotel, Waterloo

For further information on all of our courses including additional date later in the year please visit our website: <http://www.awics.co.uk/RegionalSeminars/Overview/>

Other Services

In addition to our in house and regional seminars AWICS also provide a range of other services including:

- Management Consultancy:
- Independent Tenants' Advice
- Publications

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