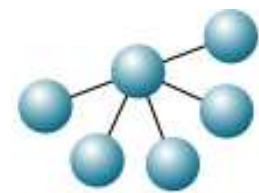


Shared Intelligence briefing notes

What CSR07 means for LAA practitioners



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Introduction

The briefing notes in this pack provide a summary of the key announcements from the Pre-Budget Report (PBR) and Comprehensive Spending Review (CSR), and their implications for LAA practitioners.

This is obviously a **very tough settlement** in the context of lower expectations for economic growth. Increases in **budgets** for most public services are the **lowest since 1997** and dependent, in many cases, on delivering **efficiency gains** to free up cash.

The spending plans for several departments and their agencies were laid down to some extent in the budget earlier this year, but the PBR and CSR contain many **new proposals and policy changes**.

The thrust is **devolutionary at all levels**. The number of local government **performance indicators has been cut** from over 1,200 to 198 and the ring-fence around a series of funding streams will be abolished, with the money going into the **new Area-Based Grant**. Local authorities will be given some more freedom to build homes and develop a local business rate supplement and RDAs will be pushed to devolve more of their funding to the local level.

Several key changes clearly reflect the Prime Minister's focus on **economic development and worklessness**, which was a key theme of the *Review of Sub-National Economic Development and Regeneration*. Every region will have to develop a **regional growth objective** and the NRF – renamed the Working Neighbourhoods Fund – will be focused more strongly on promoting **local business growth** and **tackling worklessness**.

The drive to **build more new homes** is clear. The new target of building 240,000 new homes per year is confirmed, local authorities will be given **more freedom to build** houses and the planning system will be reformed to make it easier to accommodate growth.

These are only a few headlines. The briefing notes below pull out the key messages and implications. The first four notes cover the cross-government announcements in the PBR; the rest address specific spending departments and public services.

Contents

Transforming Public Services	1
Sustainable Growth and Prosperity	3
Fairness and Opportunity for All	5
Stronger communities and a better quality of life	6
Children, Schools and Families	8
Department of Health	9
Communities and Local Government	11
Local Government and LAAs	13
Business, Enterprise and Regulatory Reform	15
Regional Development Agencies	16
Work And Pensions	18
Culture, Media and Sport and Olympics	20

Transforming Public Services

Key messages and announcements

The focus of this chapter is on continuing to improve public services by:

- creating a tighter but more ambitious set of cross-government priorities
- increasing investment in public services
- embedding value for money and achieving further efficiency gains

Government also aims to increase public involvement in improving services and to give greater flexibility to local government and front line services by reducing the number of national targets and indicators and reducing the level of data requested by central government.

Government is publishing a new **performance management framework** defining its **top 30 priorities** or Public Service Agreements (PSAs), which are set out in Annex C to the report. The new PSAs are cross-governmental and a single Delivery Agreement will be set out for each PSA. Each department will publish a set of Departmental Strategic Objectives (DSOs) for the CSR07 period, which sit underneath the 30 cross-government priorities.

A basket of **national, outcome-focused indicators** will support each PSA, with a significant reduction in overall number of priority indicators attached to PSAs. There will only be a small subset of PSA indicators with nationally set targets; this is to give greater flexibility in **local target setting** to achieve the agreed priorities.

Local government performance indicators will be reduced from some 1,200 to 198, and Local Area Agreements will be renegotiated, setting locally designated targets for up to 35 indicators from the national set, plus 17 statutory targets from DCSF and any local targets. Government outlines a commitment to **reduce by 30% by 2010 the total amount of data requested from the front line** by central departments and agencies. The Better Regulation Executive will lead work with departments to deliver this.

Total **public spending** over CSR07 period will rise from £589 billion in 2007-8 to £678 billion in 2010-11, an average increase of 2.1% per year in real terms. This represents an extra £2 billion public sector investment over the amounts announced in the Budget 07. Expenditure commitments include:

- an additional £14.5 billion by 2010-11 on education, £900 million on science and £3.6 billion on transport
- £19 billion by 2010-11 on the NHS and at least £8 billion on housing
- spending on counter-terrorism and intelligence to rise from £2.5 billion in 2007-08 to £3.5 billion in 2010-11
- £3.6 billion to be invested in construction costs of the Olympics over the CSR07 period

At the same time Government is committed to achieving **savings of at least 3% per year** over the CSR period, to release £30 billion by 2010-11 to reinvest in key public services. A target is set to achieve 5% annual real reductions in administration budgets and release £30 billion from fixed asset disposals between 2004-5 and 2010-11. The government also plans to improve the management of public sector assets by taking forward the recommendations of the Lyons Review of Asset Management, including providing better support to local authorities to develop local asset management plans.

Further info

Full chapter from CSR 07

http://www.hm-treasury.gov.uk/media/2/D/pbr_csr_07_chapter3_208.pdf

Annex C: Public Service Agreements

http://www.hm-treasury.gov.uk/media/D/0/pbr_csr_07_annexc_92.pdf

The Prime Minister has appointed Sir David Varney to advise the Government on how to meet challenges and inefficiencies raised by **'compartmentalisation of delivery'**. Several initiatives are mentioned which aim to make it simpler for the public to interact with government and reduce duplication of contact, including:

- piloting a 'Tell Us Once' service to enable citizens to inform public services just once about changes of circumstances
- rationalising government websites (closing most down) and using single access through directgov and businesslink.gov.uk
- introducing accreditation for publicly funded call centres

Local government also has a role to play in this - 'reducing avoidable contact' has been included in the new National Indicator Set.

Government sets out a clear intention to **'strengthen the people's voice in service provision'** through a variety of means, such as roll-out of Parent Councils in schools; participatory budgeting pilots; individualised budgets for social care; neighbourhood charters; a more flexible approach to New Deal; introduction of Community Legal Advice Centres and Community Justice Centres; and roll-out of the Expert Patient Programme across the NHS. This will require further efforts to 'reach out to all sections of society, harnessing third sector where appropriate'.

Sustainable Growth and Prosperity

Key messages and announcements

Support for the development of **skills and the knowledge economy** through increased spending by DIUS on higher education and skills from **£14.2b in 2007-8 to £16.4b by 2010-11** to implement **Leitch Review** recommendations of developing a strong partnership with employers and individuals to deliver higher skills.

Increased public investment for **business innovation** through the **Technology Strategy** from £5.4b in 2007-8 to £6.3b by 2010-11 to invest in generating new ideas and supporting their use for wealth creation. Reform of the Small Business Research Initiative to focus on support for early-stage, high-tech companies. Forthcoming plans for new **Knowledge Transfer Networks** in digital communications and the creative industries, and doubling the number of **Knowledge Transfer Partnerships** to get highly qualified science and technology graduates working with businesses.

Continuing funding for investment in **transport infrastructure** through a DfT budget increase of 2.25% annual real increase to 2018-19. This will include public funding of over £5bn to implement **Crossrail**, in addition to an expectation of contributions from businesses, developers and funding from a new supplementary business rate. The DfT will prioritise growing and congested urban areas, key inter-urban corridors and major international gateways.

Little support for small businesses with the exception of the announcement of a number of reviews for **simplifying the tax system**.

As recommended in the Sub-National Review, launch of **a single, integrated business support brokerage service** in April 2009, to include skills brokerage as a major component.

Reduction of the gap in economic growth between the regions, but a **cut in the RDAs' budgets, and the Single Programme budget** from £2,220m in 2008-9, to £2,140m in 2010-2011.

Greater incentives for local authorities to **promote economic development** and neighbourhood renewal through a new "permanent incentive" in LG finance system to encourage growth, to be phased in from 2009/10 and supported with **LABGI funding** worth £50m in first year and £100m in second year.

A **White Paper** was released alongside CSR07 setting out proposals to allow (top tier) local authorities to invest in economic development through levying a **local business rate supplement**. This will be subject to spending only on a specified **economic development purpose, consultation, a maximum limit of 2 pence in the pound of rateable value, an exemption for properties with a rateable value of less than £50,000 and a requirement to ballot**

Further info

Full chapter from CSR07:

http://www.hm-treasury.gov.uk/media/6/8/pbr_csr07_chapter4_241.pdf

Issues paper on the economic growth incentives and reforms to LABGI (published alongside CSR):

http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_local.cfm

White Paper on supplementary business rates (published alongside CSR):

http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_businessrate.cfm

where the supplement supports more than a third of the cost of the project.

The proposals for **planning gain supplement have been withdrawn**. Instead, a **tariff** will be announced in a **forthcoming planning reform bill**, to be combined with S106 agreements. Charges will include contributions towards the cost of infrastructure of regional or sub-regional importance.

Fairness and Opportunity for All

Key messages and announcements

A new Public Service Agreement (PSA) to **maximise employment opportunity for all**, which will drive further progress on raising the overall employment rate, as well as narrowing the gap between employment rates of disadvantaged groups and the rate overall.

From January 2008, Government will pilot a new rights and responsibilities seminar for those who have not found work after eight weeks of claiming Jobseekers Allowance.

The Government will assess how it can allow long-term jobseekers to participate in **time-limited full-time training and work experience** programmes, with some form of interview guarantee for successful completers, while retaining their benefits.

The Working Tax Credit (WTC) elements (with the exception of childcare) were up-rated in line with the Retail Price Index and the **income threshold for full entitlement was raised** by £1,200 to £6,420.

What this means for practitioners

Government emphasis continues to be on:

- closing down access to passive welfare benefits
- trying to tackle the new stock of claimants before they acclimatise to inactivity
- adopting innovative and tested approaches to helping long-term claimants re-
- engage with the labour market, and
- making work pay and ensuring that increased earnings means increased income

The scope to tailor specific programmes for recruiting employers which enable long-term claimants to participate are welcome and should help to alleviate employer risk, provider bureaucracy and unequal entitlement depending upon claimant type.

Work to target priority groups at local levels should be made easier with the introduction of the new PSA.

Further info

Full chapter from CSR07:
http://www.hm-treasury.gov.uk/media/B/9/pbr_csr07_chapter5_244.pdf

Green Paper *In work, better off: next steps to full employment*, published in July 2007.
<http://www.dwp.gov.uk/welfarereform/in-work-better-off/in-work-better-off.pdf>

Stronger communities and a better quality of life

Key messages and announcements

Health/social care

4% real term growth to 2011 to help deliver on Darzi recommendations of more personalised service and more local control:

- Improve GP access with 150 new walk-in health centres
- 100 new GP practices in places with poor provision
- Increase funding for research and development programme to £1bn
- Green paper to be produced on reform to social care, focus on older people

Homes

Spending up from £8.8bn to £10bn by 2010-11 and delivering on **Green Paper target of two million homes by 2016:**

- New PSA target to increase long term housing supply and affordability – 70,000 more affordable homes/year by 2010-11
- £6.5bn over 3 years for social housing – 45,000 units/year by 2010-11
- New housing and planning delivery grant worth £500m over CSR
- Reforms being considered to bring forward more brownfield land
- Reduced (5%) rate of VAT extended to renovations on all homes unoccupied for 2 yrs+
- £1.7bn targeted funding - Growth Areas, Thames Gateway, Growth Points and Eco-towns
- £300m to continue community infrastructure fund over CSR period
- No planning gain supplement – legislation to be enacted to allow local planning authorities to apply new planning charges
- Explore stamp duty reform of affordable home initiatives including first time buyers
- Review of housing finance including longer-term fixed rate mortgages

New Working Neighbourhoods Fund replacing NRF as part of £2bn for neighbourhood and local renewal, focused on smaller number of most deprived areas with a new reward element for local authorities – details to follow later this year.

Creation of a new **Homes and Communities Agency** from the merger of English Partnerships and the Housing Corporation.

Third sector to be key a delivery partner across full set of PSA agreements, with three year funding plans to become norm over the CSR period.

Home Office

Increase in resources by 1.1% a year in real terms, additional £220m for terrorism, neighbourhood policing and criminal justice

- New PSA targets – safer communities, more effective/transparent criminal justice system, reduce harm caused by alcohol and drugs
- Complete roll out of neighbourhood policing
- Counterterrorism spending up from £2.5bn 2007-8 to £3.5bn in 2010-11

What this means for practitioners

Most of what's in this chapter adds extra weight to the move towards greater power for local authorities and stakeholders to shape local communities, and is underpinned with real money to help them do this.

Practitioners will also need to involve communities more in those decisions – and local authorities will likely be changing their ways of working to do so. Pressure to deliver these “cohesive, empowered and active communities” may create increased interest in and commitment to more grassroots approaches such as neighbourhood management.

However although neighbourhood policing gets a boost, and the third sector is promised more long term surety over funding, neighbourhood management looks likely to have to rely on local authorities being convinced that it will help them do this.

The new Working Neighbourhoods Fund looks likely to be focused on fewer, more deprived areas as foreshadowed in the Sub-National Review, with a stronger emphasis on tackling worklessness and boosting local enterprise.

Significant increase in funding for housing and PSA target will mean more areas dealing with significant change – including influxes of new communities and demands on infrastructure.

Further info

Full chapter from CSR07:
http://www.hm-treasury.gov.uk/media/1/1/pbr_csr07_chapter6_227.pdf

Children, Schools and Families

Key Messages and Announcements

The main CSR settlement for DCSF was made in the 2007 Budget. CSR07 announced:

- additional £250 million in total over the CSR07 period to help ensure that all children at school are ready to learn and able to benefit from **truly personalised services and support**; and
- additional £200m of capital to accelerate the **primary schools building programme**.

These investments, together with the settlement for DIUS, add up to an average **2.8 per cent annual increase** in education spending in real terms.

A key element is an increase in per-pupil funding in maintained schools of almost 20 per cent in cash terms (10 per cent in real terms) from £5,550 in 2007-08 to over £6,600 by 2010-11.

It is envisaged that this additional investment will be accompanied by value for money reforms, realising annual net cash-releasing savings of £4.5 billion by 2010-11.

Together these will support existing commitments of:

- **3500 Sure Start Children's Centres**, one in every community, by 2010 with graduate level early years practitioners in every full daycare setting by 2015;
- extending the weekly entitlement for three and four year-olds to free early years education from 12.5 to 15 hours by 2010; and
- additional support for the Government's vision for personalised education, including one-to-one teacher led tuition for over 300,000 under attaining pupils a year in English by 2010-11, and over 300,000 pupils a year in Maths;
- support for the Ten Year Youth Strategy using funds from dormant bank accounts and £60m from the government to improve youth facilities, with a new or improved places for young people to go in every constituency by 2018.

What it means for Practitioners

No significant policy announcements – essentially a reiteration of existing commitments and the budget commitments already known through the DCSF 2007 CSR settlement.

Details on how the additional £250m will be spent to help ensure that all children at school are ready to learn and able to benefit from truly personalised services and support will be announced as part of the Children's Plan expected towards the end of the year.

In terms of capital, detailed school capital allocations for each local authority will be announced shortly.

Further info

The Department for Children, Schools and Families (DCSF):
http://www.hm-treasury.gov.uk/media/3/9/pbr_csr07_annexd1_189.pdf

Key messages and announcements

4% real term growth per year over CSR period, compared to 2.1% annual real terms growth across public sector.

Strong emphasis on **value for money savings/reforms** of £8.2bn across CSR period – to be decided by individual NHS bodies but key areas likely to be improving community-based services, reducing variation and spreading new technologies and best practice across the NHS, and improving procurement practices.

Increased resources for local authorities (1% annual real terms growth over CSR period or £2.6bn higher by 2010-11) **for adult social services** – including direct provision, greater personalisation and choice, and consultation on reform of the public support and care system.

Improved access to GPs and health services – additional resources for over **100 new GP practices** (in the 25% of PCTs with the poorest provision) and **150 new GP-run health centres** open 7 days a week to ensure greater flexibility in opening hours (following Darzi report).

Cleaner hospitals – increased powers for matrons and ward sisters to target MRSA and the introduction of MRSA screening for all elective patients next year and emergency admissions within the next 3 years.

More innovation – development of a **new Health Innovation Council** and **increased funding for DH Research and Development** (increase to over £1bn by 2010-11) following the Cooksey Review.

What this means for practitioners

The move to more citizen focused services will potentially be given a boost by the commitment to longer surgery hours.

The scope for integrated service delivery from super health centres that may be the hub for other services is an opportunity for service commissioners and the neighbourhood practitioners.

On the other hand plans to go ahead with the GP-run health centres are likely to pose some challenges for PCTs, who in the past have found it hard to fully engage GPs. The move to 'super health centres' as outlined in the Darzi report has been controversial, as some commentators have argued that people may have to travel further to access services, although the care they receive is likely to be improved.

A new set of targets

The government has also introduced 30 new cross-departmental public service agreements, many of which affect the NHS. The spending review introduces several new aims for the NHS in public service agreements.

A handful reiterate old PSAs, for example the 18-week treatment-to-referral target remains. Others extend old PSAs, for example a new goal of reducing hospital-acquired infection rates by 30 per cent by 2011. Key PSAs for the NHS and its partners include:

- PSA 12 - improve the health and well-being of children and young people;

- PSA 18 - promote better health and well-being for all;
- PSA 19 - ensure better care for all.

View of the Experts

The settlement was generally welcomed with 4% increase being higher than expected, while not being over generous. This was viewed as a positive thing as it is believed it will focus the NHS on improving productivity, something that some argue has not really happened over a period of very generous NHS settlements. The main criticism of the review was that it did not have a strong enough focus on competition and choice.

Further info

Full annex from CSR07:

www.hm-treasury.gov.uk/media/4/7/pbr_csr07_annexd2_197.pdf

Darzi Interim Report - 'Our NHS, Our Future'

www.ournhs.nhs.uk/files/283411_OurNHS_v3acc.pdf

Cooksey Review

www.hm-treasury.gov.uk/media/4/A/pbr06_cooksey_final_report_636.pdf

Communities and Local Government

Key messages and announcements

2.9% real term growth per year over CSR period, compared to 2.1% annual real terms growth across public sector. This means CLG's budget will grow from £10.3bn to £12.1bn but a significant chunk of that is supposed to come from '**value for money**' savings of just under £1bn by 2010.

Confirmation of new **higher target of 240,000 new homes per year** by 2016, as signalled in the Housing Green Paper, delivered in part by fifty percent increase in construction of **new social rented homes** to 45,000 per year and incentives to encourage local authorities to plan for housing growth through the Housing and Planning Delivery Grant.

£1.7bn for Growth Areas, Growth Points, Thames Gateway and eco-towns.

£2bn continuation of **neighbourhood renewal** programmes, with a new emphasis on economic development, and a new £50m fund to help areas promote better **community cohesion**.

What this means for practitioners

The efficiency savings CLG are expected to be delivered are linked to significant reform programmes, including fire and rescue modernisation, devolution of services functions to the new Homes and Communities Agency and 'streamlining' the department and GO network.

Funding for new homes and growth areas is not a surprise given the importance the Prime Minister and Housing Minister Yvette Cooper have attached to increasing the supply of new homes and affordable homes in particular.

Some commentators have pointed to the apparent discrepancy between the commitment in the Housing Green Paper to raise investment in new housing by £3bn and the figure in the CSR of £2.1bn. There are some fears that other programmes may be cut to make up the difference. The director of environment and planning construed the figures as "a shift towards new build at the expense of refurbishment programmes."

Funding for neighbourhood renewal continues at the same level, but with important changes to where and how that money will be spent. CLG will introduce a new programme to "strengthen communities during estate transformation" which is likely to mean investing in community infrastructure in places which are becoming mixed communities. The NRF will become the Working Neighbourhood Fund with a more intense focus on areas with the most severe deprivation. This will mean areas with less intense concentration will get less NRF or even none at all. There will be a stronger

Further info

Full chapter from CSR07:

http://www.hm-treasury.gov.uk/media/7/A/pbr_csr07_annexd5_147.pdf

Issues paper on the economic growth incentives and reforms to LABGI (published alongside CSR):

http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_local.cfm

White Paper on supplementary business rates (published alongside CSR):

http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_businessrate.cfm

emphasis on workless, enterprise and skills.

Neighbourhood management practitioners will need to demonstrate how the infrastructure they have developed in neighbourhoods can enable the next stage of the development of those places including housing growth, estate re-modelling and mixed communities.

The focus on economic development and worklessness reflects the stronger line in SNR on linking renewal at the neighbourhood level to tackling worklessness and sub-regional growth. John Healey, minister for the local government in CLG, is a strong advocate of the regional agenda.

The new fund to promote community cohesion reflects concern about the impact of new migration on existing neighbourhoods. There is little detail on how it will be used, but it is likely to pick up the ideas in Commission on Integration and Cohesion around promoting good relations at the very local level and spreading good practice.

Local Government and LAAs

Key messages and announcements

1% real term growth per year over CSR period, compared to 2.1% annual real terms growth across public sector.

Strong emphasis on realising **efficiency savings** of 3% per year or £4.9bn across CSR period to help deliver low council tax rises.

Greater incentives for local authorities to **promote economic development** and neighbourhood renewal through:

- a new “permanent incentive” in LG finance system to encourage growth, to phased in from 2009/10 and supported with **LABGI funding** worth £50m in first year and £100m in second year;
- White Paper on introduction of local business rate.

Presumption that **all revenue funding will be non ring-fenced** and should go through the RSG or the new ‘area based grant’ (what was the LAA grant). Total of £5bn to be shifted from ring-fenced grant into RSG or area-based grant by end of CSR period.

Single national set of 198 indicators from which areas will agree up to 35 for the LAAs plus 17 DCSF targets with **no mandatory targets** and no other mechanism for setting targets for local authorities.

There will be a **third round of LAA reward grant**, with figures to be announced in November and distribution in January.

What this means for practitioners

Delivering year-on-year efficiencies while trying to meet new demands from local people with a lower than average settlement will continue to be challenging. The LGA has described CSR07 as “the worst settlement for a decade” and we are likely to see tensions when local authorities start to plan council tax levels for next year.

The proposals around economic development start to put meat on the bones of the duty on local authorities to promote economic development proposed in the SNR.

The measures to reinforce LAAs including the presumption against ring-fencing and the single indicator set will be welcomed, but practitioners will want to see other government departments reinforcing this in practice by e.g. not finding ways to target funding and imposing de facto separate reporting burdens.

The announcement of a continued reward grant will also be welcomed, given the importance of reward grant as a hook to involve partners, but reading between the

Further info

Full chapter from CSR07:
http://www.hm-treasury.gov.uk/media/F/0/pbr_csr07_annexd6_179.pdf

Issues paper on the economic growth incentives and reforms to LABGI (published alongside CSR):
http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_local.cfm

White Paper on supplementary business rates (published alongside CSR):
http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_businessrate.cfm

lines suggests it will be at a lower level than in any previous years. There have also been suggestions that the stretch will be applied across a wider suite of LAA targets – perhaps all of them – to remove perverse incentives.

Business, Enterprise and Regulatory Reform

Key messages and announcements

The Department for Business, Enterprise and Regulatory Reform was created in June and will receive a budget of just over £3bn per year, which will be used to deliver:

- Support for business and the promotion of enterprise, including £50m for the Enterprise Capital Fund
- Better regulation programme to reduce unnecessary burdens
- Environmental Transformation Fund with Defra to promote energy efficient technologies

DBERR will also be the lead department on the cross-government target to raise the productivity of the UK economy and improve the performance of all English regions to reduce the gap in growth rates.

What this means for practitioners

The Enterprise Capital Fund is designed to make finance more easily available to support the growth of small to medium enterprises.

The Spending Review commits investment to UKTI to support the delivery of its new five year strategy which focuses on sectors and clusters where the UK has the most compelling proposition, such as financial and business services and the creative industries. This will require ongoing collaboration with the Regional Development Agencies to maximise the economic development benefits whether in creating university campuses overseas, supporting SMEs to trade or attracting high value added investment to the UK.

Given the Departments' responsibility for a range of policy related to the environment whether sustainable energy, nuclear decommissioning or regulation more generally it will be interesting to see how the findings of the Stern Review are taken up and implemented and how partnership arrangements between DEBERR and DEFRA continue to develop.

Further info

Full chapter from CSR07:

http://www.hm-treasury.gov.uk/media/7/A/pbr_csr07_annexd5_147.pdf

Issues paper on the economic growth incentives and reforms to LABGI (published alongside CSR):

http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_local.cfm

White Paper on supplementary business rates (published alongside CSR):

http://www.hm-treasury.gov.uk/pbr_csr/documents/pbr_csr07_businessrate.cfm

Regional Development Agencies

Key messages and announcements

Significant plans to re-focus the powers and responsibilities of the RDAs.

The tasking framework for the RDAs will be simplified and will be driven by the new 'single growth objective' for each region which will be set out in new single regional strategies. The strategy should set out the economic, social and environmental objectives for each region, including housing supply.

RDAs will also be given greater responsibility for co-ordinating and procuring business support, including creating a single 'single brokerage service' by April 2009.

Proposal to expand the Regional Funding Allocation process to cover a wider range of funding, potentially including the ERDF, some transport funding and 'the regeneration activities of the Homes Agency – with scope in future for including more funds including skills programmes.

The Single Programme Budget will reduce slightly over the CSR period, which the government expects to result from efficiency savings.

What this means for practitioners

The future of RDAs is vital to several of the government's long-term aims including closing the gap in regional growth rates. Most of the changes were signalled in the Treasury-led Review of Sub-National Economic Development and Regeneration.

The SNR essentially proposed to strengthen and simplify the strategic role of the RDAs while at the same time pushing them to devolve more funding and programme management to local authorities and local delivery vehicles.

The strategic side will be strengthened by making RDAs responsible for creating the single regional strategy (bringing together existing spatial and economic strategies), which includes making them the official Regional Planning Body, and introducing a new sponsorship framework.

Whilst replacing the rather narrow tasking framework with a regional growth target is likely to incentivise much more regionally tailored activities it will be interesting to see how the target will be implemented given the range of planning and sustainable development responsibilities to be vested in the RDAs.

The thrust toward greater devolution to local authorities should be delivered through the focus on a "programme-based approach" to RDA activities, encouraging them to pass funding to the local level to deliver the regional objective, rather than lead on individual projects. As a new phase of Local Area Agreements and Multi Area Agreements emerge we are likely to witness a range of ways which RDAs deliver in line with different economic geographies, as anticipated in the Sub National Review. Where regional projects emerge it is anticipated that these will be to achieve scale and impact not realisable at the local level.

One of the key questions for the future is how the RDAs will work alongside the regional arms of the new Homes and Communities Agency (the new body that will be created by the merger of Housing Corporation and English Partnerships) and how they will work with local authorities to agree and deliver housing growth and other targets.

The RDAs will continue to face pressure to demonstrate efficiency, value for money and impact. Given many of the investments being made are intended to affect the drivers of productivity over the long term, this will continue to prove a difficult challenge for the RDAs.

As the review indicates there are also some significant new delivery challenges ahead in particular the integration of a skills and business offer into a single brokerage service.

Further info

Full chapter from CSR07:

http://www.hm-treasury.gov.uk/media/5/7/pbr_csr07_annexd19_181.pdf

Review of Sub-National Economic Development and Regeneration:

http://www.hm-treasury.gov.uk/media/9/5/subnational_econ_review170707.pdf

Work And Pensions

Key messages and announcements

DWP will have to deliver an ambitious **value for money reform programme** generating annual net cash-releasing savings of 1.2 billion by 2010-2011. Its budget will therefore **fall by 5%** per year on average in real terms over CSR07 period

Savings include:

- Improving customer service and reducing staff
- Renegotiating contracts with all major suppliers
- Working with local authorities to reduce costs of delivering housing benefits by £85 million

The strategic goals for DWP are:

- **An employment rate equivalent to 80% of the working age population** to delivered by focused employment support on retention and progression, in line with the Green Paper *In work, better off*; developing a new unified employment, skills and career development service for adults; and launching a 'flexible New Deal' for Incapacity benefit Claimants.
- **Halving child poverty by 2010** by delivering employment and training advice through Sure Start by strengthening links between Jobcentre Plus, Childcare Partnership Managers and local authorities; reforming Job Centre plus target structure; and introducing higher maintenance disregard for parents on benefits with caring responsibilities.
- Tackling **pensioner poverty** by promoting the benefit take-up among older people; increasing employment rate of men and women aged 50-69; and reforming state and private pensions.

The Department is also reforming Child Maintenance by introducing the **Child Maintenance & Enforcement Commission** to replace CSA from 2008 and is in the lead on some aspects of the Varney review including responsibility for Directgov from 2008; development work on 'Tell Us Once' project and improving face-to-face and telephone contact centres.

What this means for practitioners

DWP has been set ambitious targets with reduced budgets, which will put further pressure on the Department and its frontline agencies to deliver efficiencies.

The targets DWP has been set are central to the government's social justice agenda, but

Further info

Full chapter from CSR07:

http://www.hm-treasury.gov.uk/media/E/6/pbr_csr07_annexd15_162.pdf

Green Paper In Work, Better Off

<http://www.dwp.gov.uk/welfarereform/in-work-better-off/>

Leitch Review

http://www.hm-treasury.gov.uk/independent_reviews/leitch_review/review_leitch_index.cfm

Varney Review

http://www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/other_docs/prebud_pbr06_varney.cfm

Hirsch (2006) Firing All Cylinders – What will it take to end Child Poverty, Joseph Rowntree Foundation

<http://www.jrf.org.uk/bookshop/eBooks/9781859355008.pdf>

delivering them will be made even harder by anticipated lower levels of growth in the economy overall and the fact that the targets for its programme are those who have spent the longest out of work and have some of the lowest levels of skills. This will demand genuinely joined up and imaginative approaches. The government hopes that City Strategies will make a significant difference and develop best practice which can be rolled out.

Some commentators and pressure groups have highlighted the failure to meet 2005 child poverty interim target and the increases in relative poverty in 2006, and fear that the measures announced by the Chancellor will mean the government fails to meet the 2010 target.

Culture, Media and Sport and Olympics

Key messages and announcements

6.6% annual average real growth which will see an increase in the resource budget to £1.8bn by 2010 from a current level of £1.6bn and capital expenditure of £2bn over the CSR07 period, which includes contributions to the 2012 Olympics. DCMS will also have to deliver value for money savings of **£148 million by 2010**.

Key priorities include **maintaining funding in real terms for the arts, museums and galleries**, delivering an improved **5 hours per week of school sports** for 6 to 19 year olds and effective management of the **2012 Olympics**.

Value for money savings will come from procurement savings, completing the rationalization of its estate and further efficiency savings.

The CSR07 also made budgetary provision for central government's **£3.6bn contribution to the 2012 Olympics over the next three years**. This is part of central government's overall funding contribution of £5.975bn, provided by DCMS, Communities and Local Government and DfT.

The government expects the funding to be used to lay some of the key foundations for a successful Olympics including completion of the Olympic Park site in time for venue construction, progress on venues and buildings, delivery on transport requirements and agreement on a sustainable legacy.

Further info

Full chapters from CSR07:
http://www.hm-treasury.gov.uk/media/E/C/pbr_csr07_annexd13_162.pdf
http://www.hm-treasury.gov.uk/media/E/1/pbr_csr07_annexd14_120.pdf