



Japan Local Government Centre, London

Monthly Report for December 2009 (UK) – Pre-Budget Report

The Pre-Budget Report is one of two annual economic forecasts provided by the Chancellor of the Exchequer to Parliament each year, the other being the main Budget (the PBR in late autumn and the Budget usually in spring). The procedure is laid out in HM Treasury's 1998 'Code for Fiscal Stability', with the Pre-Budget Report being to "encourage debate on the proposals under consideration for the Budget", including items for consultation and progress since the last Budget, as well as revisions of forecasts made. Unlike the Budget, there is no Finance Bill tabled, with the measures outlined being announced to Parliament and later by Treasury press releases.

The 2009 Pre-Budget Report, the last before next year's election, was tabled on December 9 by Chancellor Alistair Darling.

Headline measures for 2009 PBR

- all National Insurance contribution rates to rise 0.5% from April 2011
- VAT to return to 17.5% (from 15%) from January 2010
- a one-off 50% tax on bankers' bonuses of more than £25,000
- Stamp duty holiday on certain homes to end in January 2010
- Business rates: extension of relief from empty property rates for small businesses and removal of requirement for small businesses to reapply for small business rate relief
- Bingo duty to be cut from 22% to 20%
- a new 50p tax on phonelines to pay for broadband improvements
- HM Government borrowing forecast for 2009 revised to £178bn (from £175bn)
- borrowing forecasts for 2010 (£176bn), 2011 (£140bn)
- HM Government spending for 2010/11 to rise by £31bn
- state pension rise by 2.5% and child benefit rise by 1.5% from April 2010
- free school meals extended to a further 500,000 low income families
- public sector pensions contributions to be reduced by £1bn a year
- public sector pay settlements capped at 1% between 2011 and 2013

Local government items in 2009 PBR

- greater public sector efficiency through building on the Total Place pilots to map public spending in each locality
- savings of £2.6bn to be made through greater efficiencies by councils by 2012/13

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- a new 'Total Capital' approach to working across government on capital investment, with a new body Infrastructure UK (within HM Treasury) to oversee this
- a new Local Public Data Panel, led by Professor Nigel Shadbolt, to ensure public sector data is better coordinated across government
- a commitment to examine new ways of funding local government, including Tax Increment Financing, as well as greater powers and flexibilities over local finance for councils, subject to the national fiscal situation
- consideration of allowing local councils to borrow against future Community Infrastructure Levy income and any new council house rent receipts, if value for money is obtained
- improvement of the Surplus Public Sector Land Programme to enable more housing to be built on surplus land
- Manchester and Leeds City Regions formally recognised, having signed agreements

Putting the frontline first: smarter government

Alongside the 2009 Pre-Budget Report, the Prime Minister Gordon Brown launched the Cabinet Office document *Putting the frontline first: smarter government*. The document outlines the following proposals for streamlining government while protecting public services:

- streamlining the Senior Civil Service to save £100m a year and putting in place radical reforms to senior pay across the wider public sector
- merging or abolishing quangos and other agencies, integrating back office functions and selling off government assets
- reducing spend on consultancy by 50% and marketing and communications by 25%, saving £650m
- investing £30m over three years to get a further one million people online; and increasing the number of services available via the internet, including some benefits claims
- increasing use of online service delivery and reducing face to face contact, resulting in over £600m in new savings. The Digital Britain Roadmap, to be produced by the end of 2010, will focus on transition plans for key services such as student loans, Jobseekers' Allowance and Child Tax Credits to go online. By Budget 2010 there will be a timetable for an online Child Benefit service.
- rolling out nationally Tell Us Once, which will reduce the number of agencies citizens have to contact in the case of a birth from 2 to 1, and in the case of a death from 7 to 1
- opening up data and public information, releasing thousands of public data sets – including Ordnance Survey mapping data, real-time railway timetables, data underpinning NHS Choices, and more detailed departmental spending data – and making them free for re-use

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- using comparative data to improve standards, publishing public services performance data online by 2011, starting in 2010 with more detailed data on crime patterns, costs of hospital procedures and parts of the national pupil database
- reviewing anti-fraud work across government to ensure that data analysis techniques become embedded in standard processes
- reducing red tape on frontline services and improving flexibility, for example by reducing the number of ring-fenced budgets
- Providing guarantees over the standard of core public services and at the same time encouraging greater personal responsibility

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