



Japan Local Government Centre, London

Monthly Report for March 2011 – Budget 2011

Chancellor of the Exchequer George Osborne presented his 2011 Budget statement to the House of Commons on March 23. He said that the government's "ambitions for Britain" were to secure a "strong and stable economy" based around:

- the most competitive corporate taxes [in the G20]
- [Britain] as the best place to start-up and run a business
- an investing, exporting, greener more balanced economy
- a better educated workforce
- a fairer pensions system.

He said that "to help families with the cost of living" and "to back enterprise, support business and undertake far-reaching reform to help the economy grow" were both part of the same government agenda.

Specific announcements relevant to Local Government

Planning and Infrastructure

The Budget will:

- introduce a powerful new presumption in favour of sustainable development, so that the default is 'yes' and pilot land auctions, starting with public sector land;
- provide £200 million of new funding for rail projects and £100 million for local authorities to repair potholes;
- localise choice about the use of previously developed land, removing nationally imposed targets while retaining existing controls on greenbelt land;
- introduce a number of measures to streamline the planning applications and related consents regimes removing bureaucracy from the system and speeding it up. This will include a 12 month guarantee for the processing of all planning applications, including any appeals;
- ensure a fast-track planning process for major infrastructure applications through the Major Infrastructure Planning system; and consult on proposals to make it easier to convert commercial premises to residential.
- to accelerate the release of public sector land to support homes and jobs, the Government will work with local authorities to expedite planning decisions

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for surplus military land and other public sites suitable for housing, also testing 'build now, pay later' techniques to quicken delivery.

Enterprise Zones and Local Enterprise Partnerships

- the Budget included an announcement on the location of 10 new urban Enterprise Zones within the following Local Enterprise Partnership (LEP) areas: Birmingham and Solihull; Leeds City Region; Sheffield City Region; Liverpool City Region; Greater Manchester; West of England; Tees Valley; North Eastern; the Black Country; and Derby, Derbyshire, Nottingham and Nottinghamshire.
- in addition, London will have an Enterprise Zone and be able to choose its site (the decision being taken by the Mayor of London, later revealed as the Royal Docks).
- the Government will also launch a competitive process for interested LEPs to establish 10 more Enterprise Zones.
- a 100 per cent business rate discount worth up to £275,000 over a five year period for businesses that move into an Enterprise Zone during the course of this Parliament;
- all business rates growth within the zone for a period of at least 25 years will be retained and shared by the local authorities in the LEP area to support their economic priorities;
- Government and local authority help to develop radically simplified planning approaches in the zone;
- Government support to ensure superfast broadband is rolled out in the zone. This will be achieved through guaranteeing the most supportive planning environment and, if necessary, public funding.

In addition, the Government will work with individual LEPs to consider:

1. the scope for introducing enhanced capital allowances to support zones in assisted areas where there is a strong focus on high value manufacturing;
 2. the use of Tax Incremental Finance to support the long-term viability of the zone, in tandem with the Local Government Resource Review; and
 3. UKTI support on inward investment and trade opportunities.
- the Government will confirm all successful bids to the Regional Growth Fund shortly and will launch the second round in April 2011.

Pensions

- acceptance in full of Lord John Hutton's Treasury Review of Public Sector Pensions, including:
 1. existing final salary public service pension schemes should be replaced by new schemes, where an employee's pension entitlement

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is still linked to their salary, but is related to their career average earnings;

2. linking Normal Pension Age (NPA) in most public service pension schemes to the State Pension Age
3. Introducing a Normal Pension Age of 60 for those members of the uniformed services – armed forces, police and firefighters – who currently have a NPA of less than 60;
4. setting a clear cost ceiling for public service pension schemes – the proportion of pensionable pay that taxpayers will contribute to employees’ pensions – with automatic stabilisers to keep future costs under more effective control;
5. introducing more independent oversight and much stronger governance of all public service pension schemes.

Others

- fund an additional 80,000 work experience places for young people, ensuring up to 100,000 places will be available over the next two years;
- fund up to 50,000 additional apprenticeship places over the next four years; and expand the University Technical Colleges programme to establish at least 24 new colleges;
- launching the first high value manufacturing Technology and Innovation Centre (TIC) as part of an “elite network” of TICs;
- trebling of government resources in the Green Investment Bank and bring forward its start date for lending to 2012.

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