

## OFFICE OF THE DEPUTY PRIME MINISTER

### The Local Government Finance Settlement 2005/06

#### The Minister for Local and Regional Government (Mr. Nick Raynsford):

I have today laid before the House, the Local Government Finance Report (England) 2005/06. This report establishes the amounts of revenue support grant (RSG) and non-domestic rates (NDR) to be paid to local authorities in 2005/06, and the basis of their distribution. A draft of this report was issued for consultation on 2 December 2004.

I have also today laid before the House the Local Government Finance Report (England) 2003/2004: Amending Report 2005. This report sets out the amended basis for distribution of RSG and NDR for 2003/2004 following the incorporation of revised data into the calculations for the Local Government Finance Settlement for that year. A draft of this report was issued for consultation on 18 November 2004.

The Office of the Deputy Prime Minister received a total of 299 written representations within the consultation deadlines from the Local Government Association and the Association of London Government, from local authorities, local authority groups and Honourable Members, and Ministers met with delegations from 6 local authority associations and representative groups to discuss the proposals.

Having considered the views of the local authority associations and others who have commented on the provisional settlement, I have decided to confirm my proposals on the bases of distribution for 2005/2006 and the amended bases for distribution for 2003/2004.

The final figures published today for the 2005/2006 settlement reflect the more accurate data and resource totals that have become available since we published our proposals, and also appropriate data corrections to reflect errors discovered by the Office of the Deputy Prime Minister or notified to us by local authorities. This year's settlement represents a continued real terms increase in investment in local government, which will allow authorities to continue to deliver improving services at an affordable cost. We have provided an extra £408 million in formula grant above the published plans for local government for 2005/2006. As a result, total formula grant for 2005/06 will be 5.6% higher than in 2004/05. This is the eighth successive year in which Government have provided local government overall with an increase in total Government grant above inflation, and combined with specific and special grants brings the total increase in money from Government to local councils to 33% in real terms since 1997.

I shall be sending copies of these reports to all local authorities, and making available full supporting information on the Office of the Deputy Prime Minister's website at <http://www.local.odpm.gov.uk/finance/0506/grant.htm>.

Copies of the reports and related tables showing each authority's Formula Spending Shares and its allocation of RSG and NDR, and other supporting material in the Vote Office and the Library.