

# Local Government Association Spending Review and Autumn Statement 2015: On the Day Briefing

25 November 2015



*The Spending Review determines how the Government will spend public money over the course of this Parliament by setting budgets for each central government department. The Autumn Statement is an annual update of the Government's plans for the economy. This year the Spending Review and Autumn Statement are combined. [The full set of documents are available on the Treasury website.](#)*

Core central government funding, comprising business rates and revenue support grant, to local government will fall by 24 per cent in real terms over the Spending Review period. When taking into account OBR forecasts of other income raised locally by councils, the overall position is a 6.7 per cent real terms reduction.

## Key Messages

- The Government has announced a reduction of 24 per cent in central government funding for local government over the Spending Review period. However, we recognise the announcement to give councils further flexibility to raise council tax by up to 2 per cent above the existing threshold will go some way to helping councils address this gap.
- We drew attention to the social care funding crisis ahead of this Spending Review and called for further flexibility in the setting of council tax. This has been partly addressed by the above measure and the additional provision of a £1.5 billion increase in the ring-fenced Better Care Fund. We are concerned that councils will not see the benefit until towards the end of decade when services supporting our elderly and vulnerable are at breaking point now.
- Local government remains the most efficient part of the public sector. With spending pressures still increasing and most efficiency savings already made there will be some councils facing hard decisions in the near future. The Government has missed a genuine opportunity to reform the way money is spent across the public sector and to protect services for our communities.
- The announcement that councils will be able to use capital receipts from the sale of assets for revenue (subject to circumstances yet to be announced) is welcome as it allows more flexibility for councils to determine the use of local resources.
- The Government announced it will consult on reforms to the New Homes Bonus. The LGA is seeking more detail and will consider this further.
- Government has recognised our arguments that local government should have autonomy in deciding how to spend its reserves. We have long argued that councils need to be able to make financial decisions based on local circumstances.
- Reductions to the public health budget will have a significant negative impact on the essential prevention and early intervention services provided by councils. Given that much of the local government public health budget pays for NHS services, including sexual health, drug and alcohol treatment and health checks, this is a reduction to the NHS in all but name and will put extra pressure on services.
- The proposal to allow local authorities to retain 100 per cent of their business rates income is positive, but further work needs to be done to determine the details. The

# Briefing

LGA will continue to work with Government to seek a positive outcome.

- Local government can help central government to rebalance the economy, but must be supported by widespread devolution in addition to those deals already agreed. It is positive that discussions continue with other city regions. It is critical that greater powers and funding are also devolved to non-metropolitan areas, which account for more than half of the country's economic output, to extend the benefits to residents and businesses in all parts of the country.
- The country needs an increase in all types of housing, including affordable and social rent alongside home ownership. However, national housing reforms risk hampering the ability of councils to build new homes by taking £12 billion out of local investment in housing by 2020.

**This briefing covers:**

- Public and local government finance (including business rates retention)
- Workforce
- Skills
- Devolution
- Adult social care
- Integration and Better Care Fund
- Public health
- Other care and health matters
- Housing and planning
- Children and schools
- Community safety
- Syrian resettlement scheme
- Welfare
- Digital transformation and broadband
- Growth
- Infrastructure (including flooding, energy and transport)
- Culture, tourism and sport

## Public and local government finance

### Overall spending

#### The Chancellor announced:

- The Government continues to plan for a public spending surplus in 2019/20. The planned surplus stands at £10 billion, the level planned at the time of the July 2015 Budget.
- Within the figures, there are significant movements. Expectations of tax increases have allowed the Chancellor to plan for an increase of £8.3 billion to departmental spending than expected in the July 2015 Budget. This has had a positive impact on expectations for local government funding as well.
- The underlying changes to the spending forecast are as follows.

(LGA analysis of OBR's Economic and Fiscal Outlook, Table 4.33)

£bn	2015/16	2016/17	2017/18	2018/19	2019/20
<b>July Budget borrowing/surplus target</b>	69.5	43.1	24.3	6.4	-10
<b>Additional Housing Association borrowing due to reclassification</b>	4.6	3.5	2.3	1.8	1.4
<b>OBR Forecast changes</b>	-0.5	-2.9	-7.9	-8	-3.8
<b>Changes in departmental spending plans - capital</b>	-0.1	2.9	3.3	-0.4	-0.3
<b>Changes in departmental spending plans - revenue</b>	0.3	2.3	6.5	9.3	8.3
<b>Changes in welfare spending plans</b>	0	2.6	1.7	0.3	-0.7
<b>Changes in tax revenue plans</b>	-0.3	-0.6	-4.5	-4.6	-5.5
<b>Other changes and indirect impact of gvt policies</b>	0	-1	-0.8	-0.2	0.4
<b>Total changes</b>	4	6.8	0.6	-1.8	-0.2
<b>SR/Autumn Forecast borrowing/surplus target</b>	73.5	49.9	24.9	4.6	-10.2

### Local government funding

**The Chancellor announced:**

- Core central government funding will fall by 24 per cent in real terms, or £4.1bn, over the Spending Review period.

*(LGA analysis of Treasury and OBR figures)*

	2015/16 baseline	2016/17	2017/18	2018/19	2019/20
Core central government funding to local authorities (including £1.5 billion through the Better Care Fund and retained rates)	21.9	20.1	19.0	18.1	17.8
% change, year-on-year (real terms)		-9.40%	-7.14%	-6.51%	-3.59%
% change, cumulative (real terms)		-9.40%	15.87%	21.35%	24.17%

- When taking into account OBR forecasts of income raised locally by councils, the overall position is a 6.7 per cent real terms reduction.
- The Spending Review creates a social care precept to give local authorities who are responsible for social care the ability to raise new funding to spend exclusively on adult social care. The precept will work by giving local authorities the flexibility to raise council tax in their area by up to 2 per cent per year above the existing threshold.

**Nb.** LGA analysis suggests this increase could raise up to £1.7 billion by 2019/20, if all councils with responsibility for social care use the flexibility in each of the four years.

*Page 33, paragraph 1.107*

- From 2017 the Spending Review makes available social care funds for local government, rising to £1.5 billion by 2019-20, to be included in an improved Better Care Fund.

Nb. We included this in the core funding calculation above.

*Page 33, paragraph 1.107*

- There has been no announcement on how funding earmarked for Phase 2 of the Care Act will be used in the interim period while the introduction of the reform is delayed.

**LGA view**

- Today's announcement sets out a difficult £4.1 billion funding cut over this Spending Review period for our residents and comes on top of almost £10 billion in further demand-led cost pressures facing councils by the end of the decade. The consequences for our local communities who will suffer as a result should not be underestimated.
- It is wrong that the services our local communities rely on will face deeper cuts than the rest of the public sector yet again and for local taxpayers to be left to pick up the bill for new government policies without any additional funding.

- Even if councils stopped filling in potholes, maintaining parks, closed all children's centres, libraries, museums, leisure centres and turned off every street light they will not have saved enough money to plug the financial black hole they face by 2020.
- These local services which people cherish will have to be drastically scaled back or lost altogether as councils are increasingly forced to do more with less and protect life and death services, such as caring for older and disabled people and protecting children, already buckling under growing demand.

### **Other Business Rates matters**

#### **The Chancellor announced:**

- The Treasury-led Business Rates review will report in Budget 2016.
- Reforms to the appeals process are not covered specifically in the Spending Review but are being taken forward by a clause in the Enterprise Bill which will, if approved by Parliament, introduce the 'check; challenge; appeal' system from April 2017 to coincide with the next business rates revaluation. The aim is that there should be fewer appeals and more valuation challenges should be resolved by agreement. A consultation was published on 30 October; it closes on 4 January 2016.
- The doubling of small business relief, originally announced in 2009, has been extended for a further year.

*Page 55, paragraph 1.219*

#### **LGA view**

- There are 300,000 outstanding business rates appeals and it is vital the appeal system is reformed. We will be responding to the appeals consultation, and seeking changes to ensure a significant reduction in the amount local authorities have to make for appeals provisions. This will become vital as we move to 100 per cent rates retention. We have suggested proposals for business rates digitalisation and we would now like to see the Government undertake some developmental work on how they could be implemented.
- We welcome the extension of the small business measures.

### **Capital receipts**

#### **The Chancellor announced:**

- Local authorities will have the flexibility to spend capital receipts (excluding Right to Buy receipts) from asset sales on the revenue costs of reform projects, subject to conditions that will be set out alongside the Local Government Settlement in December 2015.

*Page 115, paragraph 3.12*

#### **LGA view**

- Currently capital receipts can only be used for repayment of debt or for investment in capital spending. This relaxation of the rules is helpful and will enable councils to have greater flexibility in the use of receipts from the sale of their assets.

### **New Homes Bonus**

#### **The Chancellor announced:**

- The Government will consult on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from six years to four years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately.

*Page 59, paragraph 1.242*

#### **LGA view**

- The LGA is seeking more detail and will consider this further.

#### **Business Rates Retention**

##### **The Chancellor announced:**

- The Spending Review and Autumn Statement confirms that by the end of the Parliament local government will retain 100 per cent of business rate revenues to fund local services, giving them control of £13 billion of additional local tax revenues, and £26 billion in total business rate revenues.
- The system of top-ups and tariffs which redistributes revenues between local authorities will be retained.
- The Uniform Business Rate will be abolished and any local area will be able to cut business rates as much as they like.

*Page 58, paragraph 1.238*

- Elected city-wide metro mayors will be able to add a premium to pay for new infrastructure, provided they have the support of a majority of the business members of the Local Enterprise Partnership.

*Page 58, paragraph 1.239*

- The Government will consult about changes to the local government finance system in preparation for 100 per cent business rates retention.
- The consultation will take into account the main resources currently available to councils, including council tax and business rates. As part of these reforms, the main local government grant will be phased out and additional responsibilities devolved to local authorities, empowering them to drive local economic growth and support their local community. For example, the government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners and Transport for London's capital projects to local government and will also consult on options to transfer responsibility for funding public health. The Government will consult on these and other additional responsibilities in 2016.

*Page 58, paragraph 1.240*

#### **LGA view**

- The LGA has long argued that the current system of business rates needs to be reformed so councils can more effectively support small businesses and boost high streets. We will work closely with Government to get the details of the policy right and ensure that it can be introduced in way that is fair to all councils.

- All councils should be given powers to increase the business rates multiplier, not just metro mayors.
- The LGA will discuss details of transfers with Government.

## **Workforce**

### **Public service workforce reform**

#### **The Chancellor announced:**

- A consultation on further cross-public sector action on exit payment terms.
- A review of sickness absence in the public sector to be followed by a consultation on possible actions including legislation.
- A continuation of average public sector pay awards of 1 per cent for the four years from 2016-17.

*Page 72, paragraphs 1.292 – 1.295*

#### **LGA view**

- The management of issues like redundancy and sickness absence should primarily be the responsibility of individual employers who can develop coherent overall packages that suit organisational circumstances. We will seek to discuss the issues in more detail with DCLG.
- The LGA notes the continuation of public sector pay policy; this does not strictly apply to local government but is an important factor to consider in pay negotiations.

### **Senior salaries in local government**

#### **The Chancellor announced:**

- The Government will issue new guidance to local authorities “to encourage them to rein in excessive salaries and do more to drive efficiencies for local taxpayers.”

*Page 60, paragraph 1.243*

#### **LGA view**

- It is important that democratically-elected councillors should set the remuneration packages of senior staff on the basis of finding the most talented candidates for ever-more complex and demanding roles.
- Local councils have taken their own steps to reduce senior pay levels considerably since 2010. The median average salary for chief executives in 2014/15 was £122,210, this represents a reduction of 5.3 per cent since 2010/11. This compares favourably with the media average in NHS acute trusts which was £182,500.
- We will be discussing the proposals in detail with DCLG and HM Treasury.

## **Skills**

### **Adult skills**

#### **The Chancellor announced:**

- The Government will protect funding for the core adult skills participation budgets in cash terms, at £1.5 billion.

*Page 46, paragraph 1.177*

#### **LGA view**

- It is welcome that that core adult skills participation budgets will be protected. However the £1.5 billion is a substantial reduction from previous years, with more demand for the way in which it is deployed. We have long called for the devolution of these budgets alongside employment and health support, so that local areas have real freedom to integrate interventions for those furthest from the labour market and improve their job outcomes as well as match the skills needs of local employers.

### **Apprenticeships**

#### **The Chancellor announced:**

- The apprenticeship levy will be introduced in April 2017 at a rate of 0.5 per cent of an employer's pay bill, to deliver 3 million apprenticeship starts by 2020. The levy will be paid through PAYE by 2019-20, and raise £3 billion in the UK.

*Page 45, paragraph 1.173*

- The Government will establish a new employer-led body to set apprenticeship standards and ensure quality.

*Page 47, paragraph 1.175*

#### **LGA view**

- We support the Government's ambition to increase the number of apprenticeships, however councils should be excluded from the Levy. This would present local government with additional costs at a time of significant financial constraint.
- The Levy should not replace other forms of apprenticeship funding. To make more effective use of existing funds they should be devolved to local areas, enabling local councils and businesses to match employer needs and residents' aspirations.
- Local government can boost apprenticeships through a variety of roles including as commissioners and procurers of services, working with employers of all sizes, and their role as employers. We do not believe they should be subject to public sector targets and are calling on central government to work with local government, through the LGA, on all aspects of this policy, including the Levy and the establishment of the new body.



## **Devolution**

### **The Chancellor announced:**

- The Government will work towards further devolution deals with other major city regions, building on previously announced deals already agreed with Greater Manchester, Cornwall, Sheffield City Region, North East, Tees Valley, Liverpool City Region and the West Midlands.

*Page 60, paragraph 1.248*

- The Government is making further progress on devolving powers to Greater Manchester. This includes supporting the Greater Manchester Combined Authority to develop and implement an integrated approach to preventative services for children and giving the Greater Manchester Mayor the power to introduce a Community Infrastructure Levy.

*Page 60, paragraph 1.249*

- As part of the Northern Powerhouse plan to boost the economy across the North of England, the Government will spend a total of £13 billion on transport in the North over the period of this Parliament.

*Page 61, paragraph 1.254*

- The Government will continue to devolve significant transport powers to Mayor-led city regions, including Greater Manchester, Sheffield City Region, Liverpool City Region, the North East, Tees Valley and the West Midlands.

*Page 95, paragraph 2.92*

### **LGA view**

- Taking decisions closer to where people live is the most effective way to use public spending to create jobs, build homes, raise school standards, strengthen healthy communities and protect the vulnerable across all parts of the country.
- The deals that have been agreed so far with city regions, as well as Cornwall Council, are good news for people living in those areas. However, it is absolutely critical that greater powers and funding are also devolved to non-metropolitan areas, which account for more than half of the country's economic output.
- At least half of the devolution bids that the Government received in September involved non-metropolitan areas, who put forward innovative proposals over how to generate economic growth and improve services in their local areas. The Government needs to ensure that the benefits of devolution are extended to residents and businesses in all parts of the country, recognising that they will require different approaches, including over how they are governed.
- There is no 'one-size-fits-all' solution to the stronger local governance arrangements that may be needed where significant new responsibilities are devolved. Councils should be free to put in place the appropriate model of governance for their communities.

## **Adult social care**

### **The Chancellor announced:**

- Local authorities will be able to raise council tax by up to 2 per cent per year in order to fund adult social care, enabling councils to raise almost £2 billion by 2019/20.

*Page 30, paragraph 1.107*

- From 2017 there will be additional funds available to adult social care, rising to £1.5 billion by 2019/10, to be included in the Better Care Fund.

*Page 30, paragraph 1.107*

- £500 million by 2018/20 for the Disabled Facilities Grant.

*Page 30, paragraph 1.108*

- The Government will also shortly consult on changes to the local government finance system to rebalance support including to those authorities with social care responsibility by taking into account the main resources available to councils, including council tax and business rates.

*Page 59, paragraph 1.242*

#### **LGA view**

- The Spending Review announcement asserts that the additional money detailed above will be sufficient to meet the existing funding gap in adult social care, to fund the implementation of the National Living Wage and achieve full integration of health and social care.
- The LGA has emphasised the urgent need for the Government to address the funding gap in adult social care. While we welcome the Government's recognition of the importance of adult social care, the announcements raise a number of important questions.
- It will be up to councils to choose whether to exercise their discretion to raise council tax by an additional 2 per cent for adult social care. If they all chose to, this will raise an additional £1.7 billion per year by 2019/20.
- Using council tax as a way of raising funds for adult social care unfairly affects councils with higher levels of deprivation and weaker tax bases. They are less able to raise their own funds locally.
- The LGA estimate that the cost of implementing the National Living Wage will be at least £330 million in 2016/2017 and at least £834 million in 2019/2020.
- Whilst welcoming the measures taken to support social care, the LGA is disappointed that the funding saved from the deferral of Phase 2 of the Care Act has not been fully reinstated to support the sector.
- We are disappointed that the Chancellor's statement does not recognise or attempt to address any of the additional financial pressures on adult social care. In particular, the additional cost burdens of providing assessments for Deprivation of Liberty Standards and additional costs of meeting winter pressures.
- On DoLS, the Law Commission has estimated that proper implementation of the existing legal system to authorise deprivation of liberty would cost local authorities

£172 million per year. We are extremely disappointed that the Government has not acted to address the significant and growing burden on councils of providing DoLS assessments. The continued lack of funding is resulting in people going without the full protections of the assessment and authorisation process. Without adequate funding the protection of people's rights and the lawful authorisation of deprivation of liberty is not achievable.

- Social care plays a vital role in managing seasonal demand for NHS services. We have worked effectively with acute and community health services to provide seven day a week working to reduce pressure on A&E services and reduce delayed transfers of care. In 2014/15 the Government allocated £25million to 65 councils most affected by delayed transfers of care and a further £12 million to all remaining councils. This compares with £700 million Winter Resilience Funding, which went to System Resilience Groups. Only a small proportion of this additional funding went to councils – 5.9 per cent according to the ADASS budget survey.
- We recognise the serious financial position of the NHS and the need to support vital health services. However, we are concerned at the continuing lack of proportionality between additional funding for the NHS and adult social care. This is a divisive and ultimately ineffective approach to addressing the growing burden of winter pressures. Adult social care services need to be supported to reduce hospital admissions and to ensure the safe and timely discharge of people from hospitals into the community.

## **Integration and the Better Care Fund**

### **The Chancellor announced:**

- The continuation of the Better Care Fund in 2016/17, maintaining the NHS's mandated contribution in real terms over the Parliament.
- From 2017, the Government will make funding available to local government, worth £1.5 billion in 2019/20, to be included in the Better Care Fund.

*Page 33, paragraph 1.111*

- The Government's commitment to the integration of health and social care by 2020, with every part of the country required to develop a plan for this in 2017, to be implemented by 2020. Areas will be able to graduate from the existing Better Care Fund programme management once they can demonstrate that they have moved beyond its requirements, meeting the Government's key criteria for devolution. The Government will not impose how the NHS and local government deliver this, with a menu of options including integrated provider vehicles, devolution arrangements or integrated commissioning approaches.

*Page 34, paragraphs 1.112, 1.113*

### **LGA view**

- While we welcome the ambitions for fully integrated health and social care plans by 2020 and additional funding from 2017, we are disappointed that the level of ambition for 2016/2017 has not been increased. We will be seeking clarity on the source of the additional funding, to ensure that it is new money, and not redirected from other areas of health or local government spending. We will also seek clarity on the national conditions to be attached to the fund, in particular the continued protection of adult social care.

- We are disappointed that the level of ambition has not been increased for the NHS contribution to the BCF. In our spending review submission, we argued that the NHS and adult social care services should be required to contribute a matched proportion of their funding.
- We welcome the restatement of the commitment to integrate health and social care across England by 2020 and the acknowledgement that it will be up to local areas to agree how best to integrate health and care services locally.

### **Comparison with NHS funding**

#### **The Chancellor confirmed:**

- The NHS will receive £10 billion more in real terms (including £2 billion in 2015/16 that has already been allocated) by 2020/21 than in 2014/15. Nearly £4 billion will be provided in 2016/17, followed by £1.5 billion, £0.5 billion, £0.9 billion and £1.7 billion in subsequent years. The Government will increase NHS spending in England from £101 billion in 2015/16 to £120 billion by 2020/21. The Government expects the NHS to deliver the £22 billion of efficiency savings set out in the Five Year Forward View.

*Page 30, paragraph 1.97*

- The investment in the NHS will ensure that everyone will be able to access services in hospitals 7 days a week and GP services in the evenings and at the weekend. By 2020/21 this will result in 800,000 more elective admissions to hospital for procedures such as operations; 5.5 million more outpatient appointments; 2 million more diagnostic tests; over 100 million more free prescriptions every year; and new hospitals in Brighton, West Birmingham and Cambridge over the next five years.

*Page 31, paragraph 1.98*

- The Spending Reviews says that by 2021 everyone will be able to access GP services in the evenings and at weekends with an extra 5,000 doctors in general practice. This will be supported by £750 million of investment and a new national voluntary contract for GPs.

*Page 87, paragraph 2.34*

- The Government will invest over £5 billion in health research and development over the next five years to fund key priorities such as the 100,000 genomes project, research into anti-microbial resistance and investment in the Ross Fund to tackle malaria.

*Page 87, paragraph 2.41*

#### **LGA view**

- We welcome investment in local health services, but continue to argue that this cannot be at the expense of adequately funding social care provision.

### **Public health**

#### **The Chancellor announced:**

- The Government will make savings in local authority public health spending averaging annual real terms savings of 3.9 per cent over the next five years.

- It will also consult on options to fully fund local authorities' public health spending from their retained business rates receipts, as part of the move towards 100 per cent business rate retention
- The ringfence on public health spending will be maintained in 2016/17 and 2017/18.

*Page 32 paragraph 1.104, page 88 paragraph 2.47*

#### **LGA view**

- At a time when the Government has issued a firm commitment to the NHS Five Year Forward View, with prevention put very much at its heart, cutting the public health budget is counterproductive. We are concerned that this decision could undermine the objectives we all share to improve the public's health and to keep pressure off the NHS and adult social care.
- Today's announcement reinforces the view that central government sees prevention services as ultimately non-essential. Many councils will now feel that they have been handed substantial responsibility without adequate resources.
- Given that the largest sections of the public health budget commission the NHS to deliver vital prevention services like sexual health, public health nursing, drug and alcohol treatment and NHS health checks, it will be impossible for these reductions to avoid hitting the NHS. Any reduction to public health budgets will be a cut to the NHS in all but name.
- Councils will do everything they can to protect services but these reductions will inevitably impact on health outcomes. Councils will in some cases be forced to make a decision between different services.
- The Government has not announced if the £200 million in-year funding reduction announced in 2015/16 is to be recurrent. Government must clarify its intention, in terms of any future clawback by the Treasury and the terms of conditions attached to the reductions.
- We are disappointed that the public health ringfence will remain in place until the end of 2017/18. The removal of the ring fence is important if we are to take full advantage of the relocation of public health to local government. If public health funding continues to be treated separately from other grants with separate conditions, there is a danger that it will not properly integrate with all of the functions of local government. This brings alive all of the very real opportunities that exist within the transfer, for example working with schools to tackle childhood obesity.
- We will need to look beyond the announcement today in detail in order to understand the intention to fully fund local authorities' public health spending from retained business rates receipts, as part of the move towards 100 per cent business rate retention.

### **Other care and health matters**

#### **Work and Health Programme**

##### **The Chancellor announced:**

- The introduction of a new Work and Health Programme, after current Work

Programme and Work Choice contracts end, to provide specialist support for claimants with health conditions or disabilities and those unemployed for over two years

*Page 37, paragraph 1.129*

#### **LGA view**

- We have long called for reform and devolution of employment support, and welcome the Government announcement of a new Work and Health Programme (WHP). We are pleased that the announcement reflects many of the ideas and principles reflected in the LGA proposal for devolved employment support for people with multiple needs submitted to the Government ahead of the Spending Review.
- To be effective, the WHP should be locally commissioned and run across all areas of England, while working closely with central government on it. Our proposal suggests how this can be done, and we look forward to working with Government on the detail, including numbers of claimants to be supported, eligibility criteria, and levels of funding.

#### **Dementia**

The Chancellor announced:

- £5 billion investment in health research and development, as well as up to £150 million to launch a Dementia institute and a new £1 billion Ross Fund, partnered by the Bill and Melinda Gates Foundation.

*Page 3 and Page 87, paragraph 2.38*

#### **LGA view**

- The LGA is an active partner of the Prime Minister's 2020 Challenge on Dementia and generally supports the announced investment in further research.
- Dementia places a significant and growing pressure on local government services and social care. To achieve the full aspirations of the Prime Minister's 2020 challenge (which includes the development of Dementia Friendly Communities, and improved health and social care for people with dementia, their families and carers), the whole system needs additional investment and support.

#### **Mental Health**

The Chancellor announced:

- An additional £600 million investment in mental health services for the NHS.
- The report of the NHS England Mental Health Task Force will be published in early 2016 and that the government will work with NHS England to set out transformative plans, including for perinatal mental health and coverage of crisis care.

*Page 31, paragraph 1.99*

## LGA view

- Mental health is a high priority for local government. Every council area in the country has committed to a local mental health crisis concordat and has set up enhanced local partnership arrangements with health and the police to better support those experiencing mental health difficulties.
- To improve the support and care of those experiencing mental health difficulties, the whole health and care system needs to be adequately funded, which includes social care, housing, public health, as well as NHS health services. Targeting funding solutions and policy interventions at individual agencies in isolation will not deliver the improvements in care needed and is likely to increase the disparity in the ability of the whole system to provide support. This may result in blockages in the system such as, for example, preventing the safe step-down discharge of patients from mental health facilities into homes and community facilities.

## Disabled Facilities Grant

### The Chancellor announced:

- £500 million by 2019/20 for the Disabled Facilities Grant (DFG), which is predicted to fund around 85,000 home adaptations that year and prevent 8,500 people from needing to go into a care home in 2019/2020.

*Page 33, paragraph 1.109*

## LGA view

- The Disabled Facilities Grant is delivered via the Better Care Fund, and as such any consideration of this funding needs to be considered within this wider policy framework.
- The legal responsibility for delivery is with the housing authority, which will be a unitary authority or district council, rather than the social care authority.
- In 2015/16, £220 million was provided for the DFG, so there is an apparent increase in funding allocation. There is no statement on funding levels for 2016/17, 2017/18 or 2018/19.
- The LGA supports the improvement of existing homes for older people and those with a disability. For example, home adaptations for children can increase the capacity of parents to look after a disabled child at home, allowing a family to stay together and for parents to continue with employment.

## Digital technologies

### The Chancellor announced:

- The Government will invest £1 billion in new technology over the next five years to support the delivery of integrated care records across the country, and will also invest £10 million in expanding the Healthcare Innovation Test Bed programme, which considers how new technologies can be introduced to support the delivery of health and care.

*Page 32, paragraph 1.101*

## LGA view

- Regarding the additional £1 billion investment for digital health and care it is critical that this recognises the importance of social care in ensuring that health and care professionals have access to the information they need. This should be adequately supported by revenue funding and a strong element of this devolved to local health and social care to support local delivery. This would recognise that large scale national health IT programmes have not been successful in the past and there are examples from around the country of where local health and social care systems are using technology to deliver innovative change. Local areas are best placed to deliver for their citizens.
- With the expansion of the Innovation Test Bed programme, we are keen to see closer collaboration with local government and NHS England on this programme recognising the benefits that new technologies can achieve for both health and social care.
- It is also critical to recognise that there are barriers in terms of digital and technology to health and care integration. While we therefore recognise the commitment to move at pace on integration of health and social care it is important to ensure that this technology investment sufficiently addresses the infrastructure and technical barriers to integration. Investment in technology which progresses a model for health but does not take into account the requirements of social care and local government will be at odds with the Government's commitment towards closer health and care integration.

## Housing and Planning

### Home ownership

#### The Chancellor announced:

- Doubling the housing budget from 2018/19. It sets out the most ambitious plan since the 1970s to build homes that support working people in their aim to buy their own home.

*Page 40, paragraph 1.145*

## LGA view

- Councils welcome resources to increase the supply of new homes in a way that meets the needs of local communities. Government's emphasis on increasing housebuilding is welcome. We will want to work with Government to ensure there is an increase of different tenures including homes to buy and homes for rent to meet the needs of our communities.
- We are concerned that some measures may have the unintended consequences of reducing the availability of social and affordable rented homes that will be crucial to tackling the housing crisis, and prevent councils from being able to play their role in building new homes and reducing waiting lists.

### Starter Homes

#### The Chancellor announced:

- 200,000 Starter Homes which will be sold at a 20 per cent discount compared to market value to young first time buyers, with a £2.3 billion fund to support the delivery of up to 60,000 of these, in addition to those delivered through reform of the planning system



*Page 40, paragraph 1.146*

**LGA view**

- We support measures to promote home ownership. We recognise that not everyone can afford to buy their own home. Private developers have a key role in solving our chronic housing shortage but they cannot build the 230,000 needed each year on their own.
- It is important that local planning authorities have the powers and flexibilities to shape the eligibility and delivery of starter homes alongside other affordable rented housing based on their local assessment of needs and viability.
- We are also calling for the restrictions on re-sales and letting of Starter Homes at open market value to be in perpetuity. This model already exists in Low Cost Home Ownership schemes run by many councils.
- Government should remove planned exemptions removing requirements from developers to make section 106 and community infrastructure levy payments which will see communities lose more than £3 billion investment in affordable homes and infrastructure.

**Shared ownership**

**The Chancellor announced:**

- 135,000 Help to Buy: Shared Ownership homes, which will allow more people to buy a share in their home and buy more shares over time, as they can afford to. The scheme will be open to all households earning less than £80,000 outside London and £90,000 in London, and will relax and remove previous restrictions such as local authorities' rights to set additional eligibility criteria.

*Page 41, paragraph 1.14)*

**LGA view**

- We welcome the commitment to increase the supply of new homes for shared ownership, which provides support for people working towards owning their home.
- It is important that councils are free to manage their housing assets to meet the local housing needs of communities and reduce waiting lists. Councils must not be forced to offer shared ownership schemes where it does not best meet local need. We will work with government on the detail to ensure that councils are free to manage their housing stock as appropriate.

**Extension of Right to Buy**

**The Chancellor announced:**

- Government will launch a pilot of the Right to Buy with five Housing Associations, to inform the design of the final scheme.  
(Page 41, Paragraph 2)

**LGA view**

- It is welcome that government is piloting the programme before rolling it out everywhere. It is important that housing associations and government work together with councils to ensure the right mix of homes to meet local housing market needs, and that the location and tenure of replacement stock supports this.
- The LGA is already on record with its view that this Right to Buy should not be funded through the forced sale of local authority assets.

### **Public land and assets**

#### **The Chancellor announced:**

- To further encourage local authorities to release surplus assets and invest in making their services more efficient, the government will: strengthen communities' rights to reclaim local authority land and property (the Right to Contest); consult on updating the Transparency Code to require all local authorities to record details of their land and property assets in a consistent way; extend the One Public Estate programme with £31 million to support local authorities to design more efficient asset management strategies; and, provide support to dispose of local authority sites which could be used for housing.

*Page 101, Paragraph 2.129*

#### **LGA view**

- Councils have a leading role in realising value from public assets. New flexibilities to spend fixed asset receipts on the revenue costs of reform projects is welcome. The Government has recognised the important role of councils in expanding the One Public Estate programme.
- Councils have a strong desire to enable building in their areas, which includes bringing forward their own land for development. While councils are set to release £13 billion from the development and sale of land up to 2020, government is only set to achieve £5 billion.
- Government monitoring of council land release is unnecessary. Instead we want to work with government to explore how councils can enable it to increase development on its own surplus public land, by giving councils the power to direct the sale of wider public assets.

### **New reduced rent homes**

#### **The Chancellor announced:**

- 10,000 homes that will allow a tenant to save for a deposit while they rent. This will be in addition to 50,000 affordable homes from existing commitments.

*Page 41, Paragraph 1.146*

#### **LGA view**

- We welcome the commitment to bring home ownership within reach of tenants. At the same time councils must be given the flexibility to meet other housing needs, including powers to increase the building of social and affordable rented homes.

### **Specialist homes for older people or those with disabilities**

#### **The Chancellor announced:**

- at least 8,000 specialist homes for older people and people with disabilities

*Page 41, Paragraph 1.146*

#### **LGA view**

- We support any measures to increase the supply of new homes, particularly specialist homes for meeting the specific needs of the vulnerable and elderly. Councils should be able to shape the development of homes to ensure that they meet the needs of local housing markets.

### **Housing Benefit cap**

#### **The Chancellor announced:**

- Government will cap the amount of rent that Housing Benefit will cover in the social sector to the relevant Local Housing Allowance, which is the rate paid to private renters on Housing Benefit.

*Page 36, paragraph 1.125*

#### **LGA view**

- Councils already charge the lowest rents of all providers and it is important that they are able to meet their statutory duties to house vulnerable tenants. Government has projected it will save £515 million up to 2020/21 from the measure. We want to work with government to ensure that the measure does not adversely affect the capacity of councils to house vulnerable tenants.

### **Homelessness and temporary accommodation**

#### **The Chancellor announced:**

- Government will increase the funding available to invest in innovative ways of preventing and reducing homelessness, including:
  - protecting Department for Communities and Local Government (DCLG) funding for targeted homelessness intervention
  - devolving an increased level of funding to local authorities while ending the current management fee for temporary accommodation, giving them greater flexibility to invest in preventing homelessness

*Page 42, Paragraph 1.149*

#### **LGA view**

- We will be working with government to ensure that the reform of temporary accommodation fees provides adequate funding to councils.

## **Regeneration loans**

### **The Chancellor announced:**

- £2.3 billion in loans to help regenerate large council estates and invest in infrastructure needed for major housing developments

Page 41, Paragraph 1.146 (3)

### **LGA view**

- Additional support for regeneration and infrastructure support is welcome, and we will be working with councils to ensure that they are able to benefit from opportunities.

## **Help to Buy**

### **The Chancellor announced:**

- Government will extend the Help to Buy: Equity Loan scheme to 2021 and create a London Help to Buy scheme, offering a 40% equity loan in recognition of the higher housing costs in the capital.

Page 42, Paragraph 1.146 (4)

### **LGA view**

- Additional support for people to own their own home is welcome, and it should be developed alongside the building of new homes to own and to rent in line with the needs of local housing market.

## **Stamp Duty**

### **The Chancellor announced:**

- Higher rates of Stamp Duty Land Tax (SDLT) will be charged on purchases of additional residential properties, such as buy to let properties and second homes, with effect from 1 April 2016. The higher rates will be 3 percentage points above the current SDLT rates. The government will use some of the additional tax collected to provide £60 million for communities in England where the impact of second homes is particularly acute. The tax receipts will help towards doubling the affordable housing budget.

Page 42, Paragraph 1.146 (5)

### **LGA view**

- Support to alleviate pressures in local housing markets created by second homes is welcome, it is important that councils are able to shape investment to meet local need.

## **Planning**

### **The Chancellor announced that the government will:**

- Bring forward proposals for a delivery test on local authorities, to ensure delivery against the homes set out in local plans within a reasonable timeframe.

*Page 125, paragraph 3.105*

- Ensure that local communities can allocate land for housing through neighbourhood plans, even if that land is not allocated in the local plan.

*Page 125, paragraph 3.106*

- Amend planning policy to ensure the release of unused and previously undeveloped commercial, retail and industrial land for Starter Homes and support regeneration of previously developed, brownfield sites in the greenbelt.

*Page 125, paragraph 3.107*

- Halve the length of the planning guarantee and amend planning policy to support small sites.

*Page 125, paragraph 3.108*

- Bring forward proposals for a more standardised approach to viability assessments, and extend the ability to appeal against unviable section 106 agreements to 2018.

*Page 126, paragraph 3.109*

- Strengthen the performance regime, by lowering the threshold for the quality of decisions to 10% of all major decisions overturned on appeal.

*Page 126, paragraph 3.110*

- Review the operation of the deemed discharge of planning conditions.

*Page 126, paragraph 3.111*

#### **LGA view**

- Local Government is not holding up development on brownfield sites, it is more often than not the cost of remediation and infrastructure. Councils are committed to delivering fast and effective planning services, approving 9 in every 10 planning applications.
- Councils have been forced to spend in excess of £450 million covering the cost of planning applications over the last three years. The introduction of locally-set planning fees is what is needed to ensure responsive council planning services that are crucial to growth and building the homes we need, rather than further tweaks to the planning system.
- We are pleased that the government has listened to our call for a more standardised approach to viability assessments to ensure that development and supporting infrastructure is meets community need.

## **Children and schools**

### **Schools**

#### **The Chancellor announced:**

- The core schools budget will be protected in real terms, enabling the per pupil rate for the Dedicated Schools Grant to be protected in cash terms, including £390 million of additional funding given to the least fairly funded areas in 2015-16. The pupil premium will be protected at current rates and funding for universal infant

free school meals will be maintained.

*Page 44, paragraph 1.163*

- The Government will introduce the first ever national funding formula for schools, high needs and early years. A detailed consultation will be launched in 2016 and the new formulae will be implemented from 2017/18. There will be a transitional period to help smooth implementation.

*Page 45, paragraph 1.165*

- The Spending Review and Autumn Statement represents the next step towards the government's goal of ending local authorities' role in running schools and all schools becoming an academy.

*Page 45, paragraph 1.168*

- Around £600 million savings will be made from the Education Services Grant (ESG) including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties. The government will consult on policy and funding proposals in 2016.

*Page 91, paragraph 2.64*

#### **LGA view**

- Councils have long been calling for a fairer funding system for all schools. It isn't right that pupils with similar needs can receive such different funding depending on where they live.
- However introducing a new national formula will inevitably create losers so it is essential that it is introduced in a phased way to protect those schools facing a relative reduction in budgets. Councils already play an important role in supporting them to cope with funding changes and government must allow for local discretion to be applied to take into account individual local needs.
- Councils have not run schools since they gained control over their own budgets in the late 1980s. In his speech the Chancellor specifically mentioned the aim to "help every secondary school become an Academy." We will clarify with the Department for Education (DfE) how this is to be achieved when academy conversion is voluntary.
- Education Services Grant is paid to councils for the schools they maintain and directly to academies. In 2015/2016 councils received £570 million out of a total of £815 million. We will clarify with DfE how, and over what timescale, the £600 million cuts will be achieved and what proportion will come from council budgets.

#### **Child care**

##### **The Chancellor announced:**

- The Government will invest over £1 billion more a year by 2019-20 in free childcare places for two, three and four year-olds. To enable the doubling of free childcare for three and four year-olds with working parents, the Government will invest at least £50 million of capital funding to create additional places in nurseries

and over £300 million a year to increase the average hourly rate paid to childcare providers. From 2019-2020 the government will spend a record £6 billion a year supporting parents with their childcare costs – this includes Tax-Free Childcare and Universal Credit.

*Page 90, paragraph 2.58*

- To focus support where it is most needed and improve work incentives, the Government will apply an upper income limit per parent of £100,000, and a minimum weekly income level per parent equivalent to 16 hours (worked at the National Living Wage) to the additional 15 hours of free childcare offered to 3 and 4 year-olds in working families from September 2017, and make the same changes in Tax Free Childcare. This will save £215 million by 2020.

*Page 91, paragraph 2.61*

### **LGA view**

- The announcement of at least £50 million of capital funding is welcome, particularly if councils have the freedom to invest in extending provision in maintained schools where it would benefit parents and children to do so. Councils currently have limited powers over providers, and limited scope to extend provision. For the new scheme to work powers must be returned to councils to ensure early education offered is of the highest quality.
- The announcement of an additional £300 million to increase the average hourly rate for providers is also welcome, as is the introduction of a national early years funding formula. In the past, providers in some areas have been underfunded due to the wide variation in rates paid by government and the use of the Schools Forum to regulate funding. This funding formula is no longer fit for purpose. This new formula must enable councils to persuade providers to come forward to meet the needs of working parents and provide high quality places for every child that needs one.
- We welcome the integration of the 30 hours extension with the tax free childcare offer. Further work needs to be done to ensure that households on Universal Credit, and those working fewer than 16 hours a week, or variable hours, are able to access accurate, timely advice and understand the implications of changes in their working hours or household income. We will work with the Government as it develops its approach to communicating clear messages and promoting access to advice, particularly for low income working households.

## **Community safety**

### **Police funding**

#### **The Chancellor announced:**

- Police spending would be protected in real terms over the Spending Review period to maintain strong frontline policing, an increase of £900 million in cash terms.

Page 82, paragraph 2.8

- Police and crime commissioners (PCCs) will be offered greater flexibility in their local funding decisions by rewarding areas that have historically kept council tax

low, allowing them to raise income from council tax by £5 rather than 2 per cent. This could allow those forces affected to raise an additional £12 million a year.  
Page 83, paragraph 2.16

- There will be a new fund to assist the police in making savings by driving down the cost of procurement and encouraging greater collaboration with other public and emergency services.

*Page 83, paragraph 2.13*

#### **LGA view**

- The announcement that police funding will be protected in real terms, and that PCCs in some areas will be able to increase their average council tax increase by £5 will help protect vital frontline policing services like neighbourhood policing teams.
- However as the recent analysis from the College of Policing has made clear much of the demand on the police comes from safeguarding and dealing with vulnerable individuals. The police have to work with a range of partners, in particular local authorities, to fulfil their responsibilities in these areas.
- With additional pressures on local authority and public health budgets the police will need to work even more closely with councils to ensure that communities are made safer and the most vulnerable individuals are protected from harm.

#### **Counter-terrorism**

##### **The Chancellor announced:**

- The Government will increase funding for the counter terrorism budget by 30 per cent, which will include £500 million of additional investment from the Home Office to increase the capability of the police, to counter poisonous ideology at home and to ensure the UK is properly prepared in the event of an attack.

*Page 25 paragraph 1.72, page 26 paragraph 1.75, page 82 paragraphs 2.7 and 2.10*

#### **LGA view**

- As the Prevent Strategy, Counter Extremism Strategy, and Counter-Terrorism and Security Act 2015 makes clear, councils have an important role in preventing people being drawn into terrorism, tackling radicalisation and increasing community cohesion and integration.
- The Home Office should ensure that this funding is used to help councils in their work to support individuals identified as being vulnerable to radicalisation, address extremist individuals and organisations operating in their area, and invest in measures that promote integrated communities.

#### **Fire services**

##### **The Chancellor announced:**



- The Government will introduce a new statutory duty for the emergency services to collaborate by early 2017, subject to parliamentary approval, on areas such as procurement, new stations and vehicle maintenance;
- The Government will bring forward legislation to enable PCCs to take on responsibility for fire and rescue services, subject to a clear business case and local support, with local fire services providing the necessary information for PCCs to develop the business case.
- DCLG will provide at least £74 million of funding for the Emergency Services Mobile Communications Programme, to ensure fire and rescue services can benefit from the latest mobile digital technology.

*Page 70 paragraph 1.285, page 83 paragraph 2.12, page 99 paragraph 2.119*

**LGA**

**view**

- There is already wide reaching and growing collaboration between the fire services, the other emergency services and the wider health system. A new statutory duty to collaborate is not needed, and the provision of incentives like transformation funding, are more likely to increase collaboration between the emergency and other services.
- We also do not believe that current governance arrangements have hampered or delayed closer operational or back office collaboration between the emergency services. Changes in governance of the fire service should only take place where there is a clear and undivided local wish for the police and crime commissioner to take on this responsibility.
- The Government's commitment to fund the Emergency Services Mobile Communications Programme is welcome, but at this stage it is not clear if the £74 million for fire and rescue services will cover the full costs associated with it.

**Courts**

**The Chancellor announced:**

- The Government will invest £700 million to modernise and fully digitise the courts to ensure the courts and tribunal system is fit for purpose and delivers swifter and more certain justice.

*Page 5, page 69 paragraphs 1.281 and 1.282, page 103 paragraph 2.143, page 104 paragraph 2.147*

**LGA view**

- As significant users of courts and tribunals councils have seen the closure of local courts and increases in the time for cases to be listed in court. The Ministry of Justice should give serious consideration to the proposals in its recent consultation to use other venues like council offices to hold court sessions, and needs to ensure that the investment in the reforms of court procedure increase the speed with which cases come before a judge or magistrates.

**Domestic abuse**

**The Chancellor announced:**

- The Government will provide £40 million for victims of domestic abuse, tripling the dedicated funding compared to the previous four years.

- The government would donate £5 million to four women's charities including SafeLives and Women's Aid.

*Page 40 paragraph 1.144, page 42 paragraph 1.149, page 98 paragraphs 2.110 and 2.112*

#### **LGA view**

- Councils take the issue of domestic abuse very seriously and any extra support for victims is to be welcomed. However, the increase in funding will only benefit national services, while it is not clear if the donation to SafeLives and Women's Aid will be sustained in the longer term. The wider pressures on councils' budgets, and cuts to legal aid, will make it more difficult to sustain local services. The Government needs to support councils and the police in bringing together the range of partners, especially health, to invest in and share the savings resulting from commissioning a whole systems approach that includes prevention and early intervention to reduce incidents of domestic abuse, in particular by repeat offenders.

### **Syrian Vulnerable Persons Resettlement Scheme**

#### **The Chancellor announced that:**

- Over £460 million of the overseas aid budget will be used by 2019/20 across government to resettle up to 20,000 of the most vulnerable Syrian refugees, covering the full first year costs to ease the burden on local communities. Government will provide around a further £130 million by 2019/20 to local authorities to contribute to the costs of supporting refugees beyond their first year in the UK.

*Page 82, paragraph 2.11*

#### **LGA view**

- The Syrian refugee crisis is an international problem and therefore must be adequately funded by central government. Councils will need to monitor actual costs to be confident that the scheme is adequately funded and government needs to commit to a review of costings after 18 months.
- As well as accommodation, school places and employment opportunities, some of the most vulnerable will also need ongoing and high cost support from health and social care services to cope with injuries, disabilities and to recover from trauma.
- Matching offers of help with the needs of individuals is now a priority and many councils have come forward with offers of support from across the country.
- However, until government provides further information on how the scheme will work and be funded locally and regionally, councils' wish to resettle new arrivals effectively and to minimise the impact on existing communities could be hindered.

#### **The Chancellor announced:**

- The creation of a Single Farm Inspection Taskforce aiming to cut farm inspections by 20,000 by 2019/20

*Page 111, paragraph 2.157*

#### **LGA view**

- The LGA supports the objective of reducing the burden on farmers, who are regulated by local trading standards services as well as other regulators. We look forward to working with the Department for Environment, Food and Rural Affairs on the new Taskforce to consider how burdens can be reduced, while also maintaining this important link between councils and their rural communities.

## **Welfare**

### **Co-location**

#### **The Chancellor announced:**

- DWP will be transformed into a smaller, more efficient department. DWP's estate will be reformed and reduced by 20 per cent and the number of jobcentres co-located with local authorities will be expanded, benefiting claimants and those using government services while delivering a total reduction of 30 per cent in estate costs.

*Page 89, paragraph 2.53*

#### **LGA view**

- Jobcentres as they are currently set up are not able to deliver the full range of integrated support and advice that both claimants and jobseekers need.
- The LGA has already been working with the DWP on better integrating support, particularly for the most disadvantaged jobseekers as part of our work on Universal Credit.
- There is a real opportunity, therefore, not only to make more efficient use of public sector buildings, but, crucially, to improve the support offer and outcome to low income households.
- Co-location must therefore go hand-in-hand with the design and implementation of the new Work and Health Programme, enabling councils, DWP and other local partners to work together more effectively.

## **Digital Transformation and Broadband**

#### **The Chancellor announced:**

- The Spending Review invests £1.8 billion in digital technology and transformation projects across the public sector over the next 4 years, supported by a £450 million investment in the Government Digital Service who will create common platforms, for example GOV.UK Pay.

*Page 70, paragraphs 1.286 and 1.287*

#### **LGA View**

- We look forward to an early discussion with government about how the digital technology and transformation projects announced in the Spending Review might relate to local government.

- The LGA has highlighted opportunities for central and local government to share digital platforms for common online transactions, such as payments, as part of joining-up how we deliver citizen and business focussed public services.
- Councils also have a strong record of using digital tools and approaches to transform public services and drive efficiency through improved online services for citizens and businesses. Our recent analysis showed that there is significant potential to improve outcomes and drive further efficiencies by accelerating the application of digital tools and approaches to transformation programmes that are re-designing services around the needs of people, including health and social care integration, Universal Credit and Troubled Families.

**The Chancellor announced:**

- The Government will explore setting up a new broadband investment fund, to support the growth of alternative network developers by providing greater access to finance. The fund would be supported by both public and private investors, and would be managed by the private sector on a commercial basis.

*Page 56, paragraph 1.222*

- The Chancellor announced that up to £550 million will be invested over the Parliament to make the 700Mhz spectrum band available for mobile broadband use. The Chancellor also reiterated the government will complete the £1.7 billion investment into the superfast broadband programme to ensure it is available to 95 per cent of premises by 2017.

*Page 96, paragraph 2.103*

**LGA view**

- The LGA welcomes the Government's plans to explore new ways to support the growth of alternative network developers and will seek opportunities to input into the proposed formation of a broadband investment fund. Only a truly competitive telecoms market will incentivise providers to roll out the digital infrastructure required to connect 100 per cent of residents and businesses with fast and reliable broadband. Councils are ideally placed to procure local solutions and ensure maximum value is gained from public investment in digital infrastructure, and must play a key role in any new initiatives going forward.
- The money invested by Government in the superfast broadband programme was not only match-funded by local authorities but in some cases, more than matched. In times of increasing challenges to budgets, councils will find it very difficult to find even more funding to support further action. The LGA has called for all future central Government funding, set aside for superfast broadband investment, to be devolved to councils.
- The LGA welcomes the announcement of new investment in mobile broadband provision. The use of mobile broadband, including 5g, will play an increasingly important role in connecting 'the final 5 per cent.' The LGA has also called for all future central Government, set aside for mobile broadband, to be devolved to councils.

**Growth**

**The Chancellor announced:**

- The Government will deliver its commitment to a £12 billion Local Growth Fund between 2015/16 and 2020/21. This will enable the Government to confirm the

indicative Local Growth Fund allocations that were made through Growth Deals, and that Local Enterprise Partnerships will continue to receive core funding from government, matched by local areas.

*Page 61, paragraph 1.250*

#### **LGA view**

- We are pleased that the Government is able to confirm indicative Local Growth Fund allocations. This will help to ensure local areas secure the investment needed to drive growth, and support businesses and people into jobs. However, we believe the Government should go further and enable local areas to influence much more of the total spend that goes into supporting local growth.
- LGA research in 2014 revealed over 124 funding streams for local growth and regeneration across 20 government departments and agencies in 2013/14 alone. These funding streams amounted to more than £22 billion in one year of which over 75 per cent of total funding for local growth (£17+ billion) could not be accessed directly by local authorities or Local Enterprise Partnerships. They also do not appear to have any say over which projects would be funded to ensure that funding supports the priorities of local and sub-regional economies.

## **Infrastructure**

### **Flooding**

#### **The Chancellor announced:**

- Protection of flood defence funding, including the £2.3 billion six year capital investment programme.

*Page 104, paragraph 2.150*

#### **LGA view**

- We are pleased that the Government has recognised the importance of investment in flood defences by protecting the six year programme announced last year. However, it is vital that investment in capital and maintenance is joined-up as part of a long-term approach to improving local flood defence infrastructure. Devolving capital and maintenance funding for flood and coastal erosion risk management into a local place-based 'pot' would provide increased flexibility to target funding to schemes that prevent flooding or mitigate damage.

### **Fracking**

#### **The Chancellor announced:**

- The establishment of a Shale Wealth Fund from shale gas revenues which will see up to 10 per cent of the tax revenues from shale gas spent in local areas.

*Page 121, paragraph 3.68*

#### **LGA view**

- We welcome the continued commitment from the Government to set up a wealth fund from shale gas revenues. However, such a wealth fund should not be treated

as an ordinary tax revenue for day-to-day financing of council services. Local government has a central role to play in ensuring that the governance arrangements on spending reflect community preference and offer accountability, and should be involved in designing schemes in their areas.

- Communities that host fracking developments should also receive benefits from shale gas operators, similar to those in other countries with such schemes. This should be set at 10 per cent of gross revenues and managed at the level of the consenting planning authority.

### **Home energy efficiency**

#### **The Chancellor announced:**

- The Energy Company Obligation (ECO) will be reformed and replaced from April 2017 with a new obligation that will run for five years. The new scheme will be cheaper to reduce the cost for energy consumers. The annual value will be £640 per year rising with inflation.

*Page 39, paragraph 1.139*

#### **LGA view**

- Fuel poverty affects the most vulnerable residents in our communities and can have adverse impacts on their health and well-being. It is important to have a long term strategy to improve the energy efficiency of homes and avoid future costs associated with poor health and the cost of heating inefficient homes.
- The LGA has long called for a locally led model of delivery for energy efficiency schemes. Giving council control of ECO and other money would ensure that it can be targeted locally to tackle fuel poverty. It would also enable the alignment of health, housing and other sources of funding to address fuel poverty and poor energy efficiency at a local level in order to maximise delivery.

### **Pothole Fund**

#### **The Chancellor announced:**

- Additional funding of £250 million over the next five years to tackle potholes, on top of nearly £5 billion of funding for roads maintenance already announced previously.

*(Paragraph 1.197, page 50)*

#### **LGA view**

- Councils will welcome any additional money for tackling potholes. However, the additional £50 million a year, if spread over the same 148 highways authorities as last year, is not enough to address the estimated £12 billion backlog of road repairs.
- Although further details on allocation are awaited, we urge the Government to provide additional funding directly and quickly to councils so that they can focus their efforts on more cost effective planned maintenance and avoid wasteful bidding processes.

## **Culture, Tourism and Sport**

### **The Chancellor announced:**

- The arts will have the same amount of government funding in cash terms in 2019/20 as they do today.

*Page 52, paragraph 1.207*

- The Government will increase support to tourism by creating a new £40 million Discover England Fund to boost tourism across England.

*Page 52, paragraph 1.208*

- The Government is increasing its funding for elite sport to build on the success of the 2012 Games and support Team GB's ambition for success in Rio 2016 and Tokyo 2020.

*Page 53, paragraph 1.212*

### **LGA view**

- It is encouraging that the Chancellor has recognised the contribution of arts and culture to society and the economy. Councils will want to work with Government and their partners to maximise this contribution within the context of the funding pressures facing local government.
- The visitor economy is one of this country's strongest performing economic sectors and we look forward to working with the Government to understand how the new Discover England Fund will build upon locally-led activity to increase tourism.
- The nation's future elite sporting success depends upon the local leisure centres, swimming pools and open spaces where the athletes of the future hone their talents. The LGA has called for the Government's forthcoming sports strategy to re-balance funding through Sport England away from national interventions and towards councils and their local partners so that more people are active and healthier.

### **Further Information:**

For further information on this briefing paper please contact Aeneas Tole, Public Affairs and Campaigns Advisor, 020 7664 3236 or [aeneas.tole@local.gov.uk](mailto:aeneas.tole@local.gov.uk).