

Environment, Economy, Housing and Transport Board

Agenda

Thursday, 14 December 2017

1.00 pm – Closed Session: Future Transport
Seminar

2.00 pm – Board meeting

Westminster Suite, 8th Floor, 18 Smith
Square, London, SW1P 3HZ

To: Members of the Environment, Economy, Housing and Transport Board
cc: Named officers for briefing purposes

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Environment, Economy, Housing & Transport Board
14 December 2017

There will be a meeting of the Environment, Economy, Housing & Transport Board at **1.00 pm on Thursday, 14 December 2017** Westminster Suite, 8th Floor, 18 Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available from 12:45 in the St John's room adjacent to the Westminster Suite.

Attendance Sheet:

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Political Group meetings:

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Apologies:

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

Conservative:	Group Office: 020 7664 3223	email: lgaconservatives@local.gov.uk
Labour:	Group Office: 020 7664 3334	email: Labour.GroupLGA@local.gov.uk
Independent:	Group Office: 020 7664 3224	email: independent.grouplga@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235	email: libdem@local.gov.uk

Location:

A map showing the location of 18 Smith Square is printed on the back cover.

LGA Contact:

Harry Parker
0207 664 3007/ harry.parker@local.gov.uk

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Environment, Economy, Housing & Transport Board – Membership 2017/2018

Councillor	Authority
Conservative (8)	
Cllr Martin Tett (Chairman)	Buckinghamshire County Council
Cllr Alistair Auty	Wokingham Borough Council
Cllr Simon Cooke	Bradford Metropolitan District Council
Cllr Lynne Duffy	Wychavon District Council
Cllr Blake Pain	Harborough District Council
Cllr David Renard	Swindon Borough Council
Cllr Mark Mills-Bishop	Broxbourne Borough Council
Cllr Colin Davie	Lincolnshire County Council
Substitutes	
Cllr Philip Broadhead	Bournemouth Borough Council
Cllr Stephen Parker	Hart District Council
Labour (7)	
Cllr Judith Blake CBE (Vice-Chair)	Leeds City Council
Cllr Tony Newman	Croydon Council
Cllr Helen Holland	Bristol City Council
Cllr Ed Turner	Oxford City Council
Cllr Rachel Blake	Tower Hamlets Council
Cllr Gillian Campbell	Blackpool Council
Cllr Michael Mordey	Sunderland City Council
Substitutes	
Cllr Tim Roca	Westminster City Council
Cllr Jon Clempner	Harlow District Council
Cllr James Robbins	Swindon Borough Council
Liberal Democrat (2)	
Cllr Adele Morris (Deputy Chair)	Southwark Council
Cllr Peter Thornton	Cumbria County Council
Substitutes	
Cllr Stewart Golton	Leeds City Council
Independent (2)	
Cllr Rachel Eburne (Deputy Chair)	Mid Suffolk District Council
Cllr Linda Gillham	Runnymede Borough Council
Substitutes	
Cllr Andrew Cooper	Kirklees Metropolitan Council
Cllr Philip Evans JP	Conwy County Borough Council

Environment, Economy, Housing & Transport Board Attendance 2017-2018

Councillors	6/10/17	14/12/17	23/02/18
Conservative Group			
Martin Tett	Yes		
Alistair Auty	Yes		
Simon Cooke	Yes		
Lynne Duffy	Yes		
Blake Pain	No		
David Renard	Yes		
Mark Mills-Bishop	Yes		
Colin Davie	Yes		
Labour Group			
Judith Blake CBE	Yes		
Tony Newman	No		
Helen Holland	Yes		
Ed Turner	Yes		
Rachel Blake	Yes		
Gillian Campbell	Yes		
Michael Mordey	Yes		
Lib Dem Group			
Adele Morris	Yes		
Peter Thornton	Yes		
Independent			
Rachel Eburne	Yes		
Linda Gillham	Yes		
Substitutes/Observers			
Philip Broadhead	Yes		
Stephen Parker	Yes		
Jon Clempner	Yes		

Agenda

Environment, Economy, Housing & Transport Board

Thursday 14 December 2017

1.00 pm

Westminster Suite, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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Date of Next Meeting: Friday, 23 February 2018, 11.00 am, Westminster Suite, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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Waste and Recycling Policy

Purpose of report

For direction.

Summary

The report recognises and builds on previous work undertaken by the Board in recognition that the LGA has a role in working with councils, government and the wider sector to set the agenda for waste and recycling policy in the future. This is particularly timely as we anticipate the Department for Environment, Farming and Rural Affairs' (DEFRA) 25 year environmental strategy and an accompanying waste and resource strategy in the New Year. The paper also recognises the significant influence that EU legislation has on waste policy in the UK and the importance of preparing for UK exit from the EU. The Board session will provide Members with the opportunity to speak to some experts about different methods for measuring waste and recycling in the future. The report also contains an update on some key issues identified by members.

Recommendation

Environment, Economy, Housing and Transport Board members are asked to give direction as the LGA engages with government on future waste policy.

Action

Officers to progress as directed by the Board.

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Waste and Recycling Policy

Background

1. The UK's exit from the EU will have a significant impact at local authority level, creating opportunities to do things differently and challenges that will need to be addressed. The LGA has identified priorities which it will be focussing on in order to ensure that powers repatriated from the EU do not stop at Whitehall, Stormont, Cardiff Bay and Holyrood.
2. On the 30 March 2017 the Government published the Great Repeal Bill white paper. This outlined how EU legislation will be transposed into UK law over the next two years. The EU Withdrawal Bill will repeal the 1972 European Communities Act. All existing EU legislation will be copied across into domestic UK law to ensure a smooth transition on the day after Brexit.
3. United Kingdom environmental law concerns the protection of the environment in the United Kingdom. Environmental law has increasingly been a European and an international issue, due to the cross border issues of air pollution, water pollution, and climate change. The UK's membership of the EU has been a crucial factor in shaping the direction and pace of its environmental policy.
4. Waste and recycling is one area that the LGA will be prioritising in its discussions with Government as this is a service which should be subject to local determination. Current indications suggest that DEFRA will be focussing more on issues around agriculture and fishing and so will seek to maintain the status quo around waste and recycling in the short and medium term. However, DEFRA is in a process of strategic thinking and the circumstances provide an opportunity for the sector to consider whether there are positive changes to the approach to waste management that we could propose to government as it develops future policy in this area.

Current Position

5. Since 2000, local government has made significant progress in recycling municipal waste. Between 2004-2014 as a nation we have improved our municipal waste recycling and composting by 15 per cent taking us up to 8th place out of 34 European countries.¹ The pursuit of existing EU waste targets since 2000 has required a doubling of spend by English authorities to £3.28 billion. This makes collection and disposal of waste and recycling the third highest cost service for English local authorities.
6. The current household recycling rate in England is 43.5 per cent and has been broadly flat for three years. 73 per cent of UK packaging waste is either recycled or recovered and 26 per cent of waste ends up in landfill. The European Commission's current proposals suggest a number of challenging waste and recycling targets for the future:
 - 6.1. A common EU target for recycling 65 per cent of municipal waste by 2030
 - 6.2. A common EU target for recycling 75 per cent of packaging waste by 2030

¹ EEA Waste Recycling report – December 2016

- 6.3. A binding landfill target to reduce landfill to maximum of 10 per cent of all waste by 2030.
7. Achieving the targets on municipal waste and landfill will represent an enormous challenge for councils. Our estimates show that current spending on waste by English authorities would need to increase significantly to include additional collection services (in particular organic waste) just to meet the existing 50 per cent target. Increased levels of ambition in recycling performance will become progressively more expensive to achieve above the existing target level. Failure to reach the targets could lead to EU infraction fines.
8. An analysis of waste management in Wales is set out in **Appendix A** to this report.

Producer Responsibility

9. The LGA has consistently lobbied for greater producer responsibility. The Clean Growth Strategy published in October 2017 contains a commitment to explore it. As part of the Litter Strategy, Defra has established the Voluntary and Economic Incentives Working Group. This independent group is tasked with examining specific voluntary and/or regulatory interventions that can reduce the incidence of commonly littered items and improve recycling and reuse of packaging. LARAC (Local Authority Recycling Advisory Committee) sits on this group on behalf of the sector. We have met with the LARAC representative to share our views.
10. The group will undertake a series of investigations into different types of products and/or packaging that are commonly littered, many of which have an inherent value in terms of their materials. This is in the wider context of improving local environmental quality and potentially increasing recycling. As its first piece of work, Ministers have asked the Working Group to look at regulatory or voluntary measures to reduce littering and/or improve the recycling of drinks containers. The Working Group has specifically been asked to consider the advantages and disadvantages of different types of well-designed and well run deposit and reward and return schemes for drinks containers. The LGA has submitted a written response to the Working Group on this matter.

Incentivisation

11. There are a range of councils which are currently running their own incentivisation schemes. Bracknell Forest Council run a scheme where you earn points for putting the correct items into your recycling bin. Kingston Council are running a scheme for residents who live in flats. The scheme, provided by specialist sustainable rewards provider Local Green Points, will tackle household waste by rewarding residents with prizes and discounts at local businesses for wasting less and recycling more. The Borough of Windsor and Maidenhead award points according to the weight of the contents of citizens recycling bins.
12. DEFRA ran a reward and recognition fund project from 2011 to 2014. This project aimed to explore new approaches for rewarding and recognising people for adopting positive waste behaviours (food waste, recycling, reuse, waste prevention and reduction). From 2011 to 2014, up to £2 million of funding was made available to pilots led by local authorities, community organisations and partnerships. 25 organisations or partnerships

received funding to deliver 31 pioneering schemes. All schemes aimed to engage and encourage people to recycle and reuse, using individual prize draws, individual rewards, community rewards, competitions and recognition. However, an independent review of the project concluded that “schemes did not experience a sea change in recycling tonnage, participation or claimed behaviour”.

LGA Position

13. The LGA has supported councils as they have worked towards achieving these targets. Our lobbying work has focussed on highlighting the need for additional funding in order to meet the ambitious targets set by the EU. We have suggested resourcing these services via redistribution of landfill taxes and also stressed the need for greater producer responsibility to be part of the Government’s approach.
14. It is generally accepted by local government that the steer from Europe on waste and recycling targets has been helpful as it has driven up performance across most of Europe. However, it is clear that as a nation we may fail to meet the 2020 target. Whether this would mean councils facing infraction charges will depend on the terms of the EU exit deal and any related transition period. As we are now set to exit the EU Members have decided that we should review our approach to waste and recycling policy so that the LGA can lead on shaping future direction.
15. At the July meeting of the EEHT Board, members invited specialist speakers along for a discussion about future policy direction. The key conclusions were:
 - 15.1. The current focus on recycling targets was potentially limiting. Broader consideration needed to be given to the concept of waste minimisation.
 - 15.2. The Board wanted to consider what a new set of potential waste and recycling measures could look like in the future.
 - 15.3. The LGA should continue to lobby on producer responsibility.
 - 15.4. A national resource management strategy was needed from central government. This strategy needed to provide a national vision for waste and recycling infrastructure.
 - 15.5. A national direction needs to be set which enables us to have freedom to make decisions locally to deliver improved outcomes.
16. Following on from this discussion it was agreed that work would be undertaken to present members with alternative options for how waste could be measured in the future. The consultants Eunomia have been appointed to undertake this work. The Eunomia report focusses on:
 - 16.1. Providing an indication about what the longer term future is for waste management.
 - 16.2. Analysis of the current framework and its strengths and weaknesses.
 - 16.3. Directly addressing the concept of residual waste.

- 16.4. Examples of alternative frameworks for the sector to measure waste management.
- 16.5. An options appraisal of each framework highlighting strengths and weaknesses.
- 16.6. Explanation about how each framework could fit into national policy and EU policy.
- 17. Eunomia will be presenting their findings at the Board meeting with an opportunity for members to ask questions.
- 18. The Eunomia analysis is contained in a draft technical report which will be circulated to members separately. The report sets out the benefits and challenges of adopting new or additional measures to address waste minimisation including residual waste, which many in the local government sector have indicated would be a more effective approach, and emissions based measures.

Issues

- 19. Members will be asked at the Board meeting:
 - 19.1. To consider the models outlined by Eunomia.
 - 19.2. Do these models offer a viable alternative framework for dealing with waste and recycling in the future?
 - 19.3. How do members want our future lobbying work to reflect the discussion to date?

Implications for Wales

- 20. We are working closely with the Welsh LGA and will be sharing our report findings with them.

Financial Implications

- 21. There are currently no financial implications.

Next Steps

- 22. Members are asked to:
 - 22.1. Provide a steer on the LGA's future position for waste and recycling.

Appendix A: Waste and Recycling in Wales

1. It has been noted by members in previous Board meetings that Wales are out performing us on waste and recycling targets. The figure the Welsh Government uses for measuring local authority municipal waste was at 64 per cent during the 12 months ending June 2017. This figure combines reuse/recycling and composting rates. The most recent comparable DEFRA figures² also show that throughout the period 2010-2015 Wales has performed better than us. The 2015 figure clearly shows Wales at 55.8 per cent with England at 43.9 per cent. Members have asked for further clarification about the difference in performance.

Waste from households 2015 (DEFRA)

Measure	UK	England	NI	Scotland	Wales
Arisings ('000 tonnes)	26,677	22,225	821	2,354	1,278
Recycled ('000 tonnes)	11,805	9,758	344	989	713
Recycling rate	44.3%	43.9%	42%	42%	55.8%

2. There are a number of factors which contribute towards the difference in performance:
 - 2.1. There is national direction on waste. In 2002 the Welsh government published its national waste strategy "Wise about Waste" calling for a move away from landfill towards a model of sustainable waste management. This was replaced in 2010 with a new national strategy "Towards Zero Waste".
 - 2.2. From 2001-2002 a Sustainable Waste Management Grant (SWMG) was paid out. The SWMG was paid by Welsh Government (WG) to local authorities in Wales to help them introduce recycling services and food waste collections. The grant totalled £614 million.
 - 2.3. The grant peaked a few years back and has been steadily reducing each year. It was recently merged with some smaller grants into a 'Single Revenue Grant' (SRG) from the WG Environment Dept. Given the statutory targets, recycling services have effectively become a mandatory function and WLGA has argued for the waste element of the SRG to be put into the RSG. This has now happened.
 - 2.4. WG also introduced the Waste (Wales) Measure (see the 'Waste Targets' section of the legislation: <http://www.legislation.gov.uk/mwa/2010/8/contents/enacted>) which established statutory recycling targets with provision for penalties. Although no

² UK Statistics on Waste, DEFRA – published 15th December 2016

penalties have been issued to date the threat of them has been powerful in encouraging LAs to make changes.

- 2.5. WG favour the kerbside sort approach and issued a blueprint http://gov.wales/topics/environmentcountryside/epq/waste_recycling/publication/municipalsectorplan/?lang=en . They argue that separate collection will ensure a clean stream of materials that can support development of a circular economy in Wales. WLGA have argued against the blueprint being a requirement and that LAs should be allowed to make their own decisions. Welsh Government has provided substantial financial assistance via capital grants to help LAs convert to their blueprint system. Some LAs, whilst complying with some elements of the blueprint, wish to continue with commingled collections.

- 2.6. Other smaller initiatives which have also helped include:

Collaborative Change Programme: a joint endeavour with WG, WRAP and WLGA which seeks to provide practical support to LA's especially in reviewing their services and optimising their impact. This includes communication/behaviour change support. There is also a small capital support programme which sits within this to encourage invest to save type changes.

The Waste Improvement Programme is a WLGA programme of benchmarking support which allows a detailed review of services and costs to help LA's identify areas for improvement and development. The benchmarking process identifies recommendations that the Wales Audit Office endorse and have to be reported on by LA's to the Ministerial Programme Board each year. These recommendations are key service improvement areas which the benchmarking has identified. The raw data is available to LA's through the Local Government Data Unit portal where they can forensically examine the data and performance and determine key areas for improvement.

Residual restrictions have also helped improve recycling levels by encouraging behaviour change. All Welsh LA's are at least fortnightly for residual, many have also reduced bin sizes and some are three weekly with a four weekly trial ongoing.

- 2.7. Finally, it is worth noting that Wales is dealing with a significantly lower tonnage of waste on an annual basis.

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Private rented sector housing

Purpose of report

For discussion.

Summary

The private rented sector is an important part of the local housing market. This paper introduces some of the challenges for councils and summarises recent changes to regulation. Proposals for next steps are set out for discussion.

Recommendation

That the Environment, Economy, Housing and Transport Board discusses the issues raised in the paper and proposals for next steps.

Action

As directed by the Board.

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Private rented sector housing

Scale and importance of the private rented sector

1. The private rented sector is the second largest tenure in England. It has grown in size over the last few years and stands at 4.5 million households (20 per cent of all households). The majority of private renters (82 per cent) are satisfied with their accommodation¹. It remains an important sector for local government in providing choice and flexibility for residents. Distinct markets exist within the private rented sector, such as student accommodation. The sector offers high quality private rented housing as well as low cost options.
2. The buy to let market has brought new landlords to the market. However, recent changes to tax and incentives have met with a mixed reaction. Tax relief on mortgage interest payments is being phased out over a period from April 2017 until 2020². From 1 April 2016 government raised the rate of stamp duty land tax on the purchase of additional properties³ by 3 per cent and introduced higher rates of Capital Gains Tax. While some have welcomed the changes as a brake on speculative buy to let investment, others have raised concerns that it will restrict new entrants to this market and that existing landlords might respond by selling up or increasing rents to cover the costs.
3. There is strong anecdotal evidence of an increase in the number of houses subdivided to maximise rental income, for example as houses of multiple occupation (HMOs). Councils have noted that this can have a significant impact on the surrounding areas, such as increased flytipping and antisocial behaviour.
4. The cost of renting privately is increasing particularly for household incomes including an element of benefit.

Quality

5. The private rented sector has the largest proportion of non-decent homes (28 per cent in 2015) and the highest number of older properties compared to other tenures. The proportion of non-decent homes has improved over recent years but the actual number has grown to 1.35 million dwellings⁴. The estimated cost of bringing all privately rented homes up to standard is £8 billion (on average £7,700 per property).

¹ English Housing Survey, Private Rented Sector 2015-16

² <https://www.gov.uk/government/news/changes-to-tax-relief-for-residential-landlords>

³ <https://www.gov.uk/government/consultations/consultation-on-higher-rates-of-stamp-duty-land-tax-sdlt-on-purchases-of-additional-residential-properties/higher-rates-of-stamp-duty-land-tax-sdlt-on-purchases-of-additional-residential-properties>

⁴ Quality of Housing Research, LGA 2017

6. Investment in energy efficiency is available through the ECO scheme for households in fuel poverty. The ambition of the Green Deal as a funding mechanism has been much reduced since government funding was withdrawn, but it has returned to the market with backing from private finance. Council experience suggests that there are a number of barriers to using these products in rented housing, particularly the complexity of the funding streams. Landlords and their tenants may reject energy efficiency improvements even where full funding is offered, due to the potential for disruption and rent increases.

Regulation

7. The Environment and Housing Board commissioned and a policy paper on the private rented sector in 2014, “Supporting a thriving private rented sector”⁵. Government has adopted some of the recommendations of that report. For example, the Housing and Planning Act 2016 enabled councils to issue fixed penalty notices of up to £30,000 for certain housing offences. Further, the grounds for introducing selective private housing licensing schemes have been extended, for example to include areas where properties are in poor condition.
8. Other issues raised in the report are still outstanding:
 - 8.1. Prosecuting landlords for renting houses in unfit condition remains a risky and potentially expensive activity for councils. It is still common for magistrates to issue fines at a much lower than those expected by the prosecuting council, and for councils to be awarded less than their actual costs.
 - 8.2. The volume and complexity of the legal and regulatory framework for the private rented sector. The Board called on government to review the legal and regulatory framework so that councils can meet the expectation of tenants and landlords.
 - 8.3. Limited scope to attract investment into good quality private rented sector, for example through “build to rent” programmes
9. The Housing and Planning Act 2016 contained a range of measures to tackle rogue landlords. In addition to the introduction of civil penalties, the Act extended the power to issue rent repayment orders to cases of illegal eviction and certain other offences. These allow tenants to recoup rental income and councils to draw back housing benefit.

⁵ <https://www.local.gov.uk/environment-and-housing-housing-supporting- thriving-private-rented-sector>

10. Measures contained in the Act but not yet implemented include:

10.1. A power for councils to seek a banning order for landlords and letting agents

10.2. A central database of landlords and agents who persistently offend, or are subject to a banning order. Councils will be responsible for data entry

10.3. A requirement for landlords to conduct mandatory electrical safety checks in all privately rented properties

11. DCLG consulted in 2016 on extending mandatory HMO licensing to cover all houses with five or more people from two or more households (removing the confusing element of the definition on the number of storeys). A decision on next steps is awaited. While the clarification would be welcome many smaller HMOs would still fall outside mandatory licensing.

12. Other legislation has covered the following areas of privately rented housing:

12.1. The Deregulation Act 2015 included new powers to protect tenants who complain about property conditions from so called “revenge” evictions.

12.2. Regulations introduced in 2015 require private landlords to install smoke alarms.

12.3. From April 2018 private landlords can only legally rent a home to new tenants if it has an EPC energy rating of E or above. A landlord can apply for an exemption in certain circumstances including cost grounds, which is likely to make any enforcement difficult for councils. Government is looking at the effectiveness of the regulations and may consult shortly on removing the principle of “no upfront cost” to landlords with an alternative arrangement.

12.4. A draft Tenants Fees bill has been published. This will enact the proposed ban on letting agent fees to tenants.

13. Wales and Scotland have introduced legislation on the private rented sector including:

13.1. The Private Housing (Tenancies) (Scotland) Act 2016 includes changes to tenancies and grounds for giving notice⁶. From 1 December 2017 new “private residential tenancies” are open ended with a longer notice period. Disputes between landlords and tenants will be heard in a specialist tribunal.

⁶ <http://www.parliament.scot/parliamentarybusiness/Bills/92310.aspx>

13.2. The Renting Homes (Wales) Act 2016 replaces tenancies and licences with an “occupation contract” intended to streamline existing legislation into one clear framework⁷.

Enforcement

14. Prosecuting a persistently poor landlord through the magistrates court is complex and can be costly for a council, an issue raised in the earlier LGA research project. The introduction of civil penalties in April 2017 provides an alternative, potentially faster route for enforcement action. Some councils have issued their first civil penalties, including Newham and Waltham Forest Councils in London.
15. While councils have a range of powers available to them, many of them require money upfront (such as undertaking safety work in a property where the landlord has failed to respond to enforcement action). Powers such as management orders require councils to take on responsibility for managing a property, as well as complex bureaucratic processes.
16. It is a source of frustration for council enforcement officers that they cannot easily identify the landlord of a rented property. Housing legislation requires that notices are served on the “person managing or in control” of a rented property. If this information is not willingly provided the council must then investigate sources of information such as council tax records, the electoral roll, and land registry information (at cost). A national register of landlords has been proposed by many organisations and exists in Scotland. The LGA has not supported this in the past on the grounds of cost, and limited evidence that it would improve quality.
17. Landlord licensing schemes place the responsibility of registering and providing contact details with the landlord. Councils have discretion over local licensing schemes and many have chosen to extend mandatory licensing to additional types of properties and areas. From April 2015, councils have been required to secure Secretary of State approval for licensing schemes that cover more than 20 per cent of the area or 20 per cent of privately rented homes. The flexibility for a local authority to be able to take forward whole area or area specific licensing schemes is crucial. The LGA has called for the process of setting up a licensing scheme to be streamlined to make it less costly and expensive.
18. Councils have responded in different ways to these pressures:
 - 18.1. Bournemouth Council has bought and refurbished HMOs through a housing company as part of their regeneration strategy. The Council is letting and managing the HMOs to ensure that they are well run.

⁷ <http://gov.wales/topics/housing-and-regeneration/legislation/rentingbill/?lang=en>

- 18.2. Blackpool Council has set up a housing company to purchase and improve HMOs in the most deprived parts of the borough. This is part of a range of strategies to tackle the impact of poor quality housing on health and the local economy.
- 18.3. Leeds Council has taken a neighbourhood renewal approach, targeting certain areas for investment and enforcement.
- 18.4. London Boroughs including Newham, Waltham Forest and Croydon have introduced borough wide licensing schemes. The London Borough of Waltham Forest launched a Private Rented Property Licensing Scheme in April 2015. They are actively enforcing the scheme through action days involving knocking on doors, identifying any breaches of the licence and identifying illegal structures such 'beds in sheds'. Public sector partners, including the police and UK Border Force, work together to enforce license conditions. In the first three months the council visited 6,000 properties, found 139 properties that will be subject to prosecution and issued 65 fixed penalty notices.
19. Many councils are using housing companies to provide good quality privately rented housing, including:
- 19.1. Birmingham City Council is building a scheme of 92 privately rented apartments through a wholly owned council company. The drivers for this include a strong demand for high quality private rented homes in the city centre and an inadequate supply, driving up standards of quality and design, as well as returning a surplus to the council.
- 19.2. The London Borough of Lewisham is developing a joint venture using council owned land for purpose built private rented housing. Homes are aimed at people who cannot afford to buy but are unable to access social housing, with the joint venture partner bringing investment and housing management expertise to the development.

Affordability and homelessness

20. The private rented sector is increasingly unaffordable for people on low incomes. The number of homelessness acceptances due to loss of an assured shorthold tenancy has quadrupled from 4,580 in 2009 to 18,750 in 2016, now causing 30 per cent of homelessness in England and 40 per cent in London. Homelessness acceptances from causes other than loss of rented accommodation have remained flat since 2009/10.
21. Similarly there has also been a 40 per cent decrease in homelessness prevention and relief into the private rented sector by local authorities across England over the same period, reflecting local authorities' difficulties in securing access for homeless households into private rented sector accommodation.

22. The recent LGA report “Housing our Homeless Households” highlighted the pressure on councils from the rising levels of homelessness created by the end of a tenancy in the private rented sector. Councils are currently housing over 70,000 families including over 120,000 children in temporary accommodation. National data suggests the net cost for councils providing temporary accommodation has tripled in the last three years, though evidence from London suggests it could be much greater than that.
23. The Autumn Budget announced £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector, and increased funding targeted at unaffordable areas. While this is welcome, it does not tackling the underlying issues of rising rents and reduced welfare assistance. The LGA has argued that Government should continue to adapt the implementation of welfare reforms to reduce the risk of homelessness, including lifting the Local Housing Allowance freeze.
24. Some mortgage providers are including restrictions in buy-to-let mortgages that prevent the letting of properties to households in receipt of housing benefit or Universal Credit.
25. Many councils are seeking to strike relationships with landlords:
 - 25.1. Camden pioneered and hosts the London Landlord Accreditation scheme, and requires all landlords it works with to be accredited. The council provides a responsive service to landlords with any tenancy related issues and vets tenants before they put them forward for a private tenancy. Any potential tenants who are not deemed ready to sustain a private tenancy are accommodated elsewhere with additional support and are given pre-tenancy training.
 - 25.2. Plymouth Access to Housing (PATH) contributes to Teignbridge’s annual figure of between 250 and 300 homelessness preventions into the private rented sector. Discretionary housing payments (DHP) and charitable funding are both used to fund deposits and rent in advance, and tenants are supported to access a credit union.

Implications for Wales

26. Housing is a devolved issue. Legislation would apply to England only, except as noted above.

Financial Implications

27. None

Proposals

28. Members are asked to consider the following proposals for key issues raised in this report:

- 28.1. Pressing government for greater flexibility on local licensing schemes: reducing the cost and bureaucracy involved in introducing local licensing, and removing Secretary of State approval for larger local licensing schemes
- 28.2. Lobbying for the removal of restrictions in buy to let mortgages that prevent access to housing for households in receipt of welfare benefits

29. Members may also wish to consider:

- 29.1. Developing a refreshed evidence base on areas of concern for councils: for example poor quality HMOs and associated problems of waste and parking.
- 29.2. How financial incentives and powers could be devolved to local areas to help attract investment in good quality private rented housing.
- 29.3. Streamlined legislation: The LGA has called on Government to review and modernise the legislative and regulatory framework to support councils' ability to meet the expectations of their residents. The Tenants Fees Bill could provide an opportunity to highlight LGA key asks. Board members may wish to develop a position on areas of legislation that have been under scrutiny:
 - 29.3.1. Encourage more consistent fines from magistrates through the introduction of sentencing guidelines. Members may wish to consider the case for a minimum level of magistrates fines of £30,000, the upper threshold for civil penalties
 - 29.3.2. Members may wish to consider whether the needs of the private rented sector are best served by a risk based system such as the Housing, Health and Safety Rating System (HHSRS), or whether a set of minimum standards would be more effective in driving up quality. There are mixed views among councils, and different approaches locally to driving up standards.
 - 29.3.3. Extension of HMO licensing: the government could go further to extend mandatory licensing to all HMOs, not just larger properties

Fire safety in high rise buildings update

Purpose of report

For information.

Summary

This paper updates the Board on the work of central and local government since the last meeting to ensure that high rise buildings are safe, including the LGA's submission to the Building Regulations and Fire Safety Review.

Recommendations

That Environment, Economy, Housing and Transport Board members:

1. Note the ongoing work at a national and local level to improve fire safety in high rise buildings; and
2. Note the LGA's submission to the Building Regulations and Fire Safety Review and consider if there are any additional points to be raised with the Review team.

Actions

Officers to proceed as directed.

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Fire safety in high rise buildings update

Background

1. Since the last meeting of the Board, LGA work has continued to deliver the three lobbying priorities identified by the LGA's Leadership Board, which are to ensure that:
 - 1.1. National action focuses on what needs to happen to make buildings safe.
 - 1.2. Government agrees to find the necessary resources for any required changes, both for remedial work and for any new tighter requirements.
 - 1.3. A review of building regulations and fire safety guidance and systems is undertaken.
2. The LGA's work over the last two months has predominantly centred on three areas: remedial work to council tower blocks that need their cladding replaced; the data collection work the Department of Communities and Local Government has asked councils to undertake to help identify private high rise residential buildings where the cladding needs to be replaced; and finalising the LGA's submission to the Review of building regulations and fire safety.

Social Housing Tower Blocks

Remediation work

3. As was reported to the last Board meeting 15 councils have been identified who own 45 tower blocks with combinations of Aluminium Composite Material (ACM) cladding and insulation that failed the full systems tests carried out by the Building Research Establishment (BRE) over the summer. In addition over 100 housing association tower blocks in 34 local authorities also require remedial work. The Department of Communities and Local Government (DCLG) has continued to liaise closely with social landlords about the remediation work they need to carry out to their tower blocks, and requested an update from them on the progress with the remediation works by 10 November.
4. The 15 councils have raised a number of issues with the Housing Solutions Team in DCLG, which is responsible for this area of work. A significant concern has been finding the expertise to carry out the remediation work, including the number of civil and fire engineers and chartered surveyors available to provide professional advice about further action and to check on the quality of work, as well as finding competent contractors to strip and replace cladding systems from the blocks. Other concerns have included how to prioritise buildings in work programmes and the capacity of the building and construction industry to do the work.

Alternatives to ACM Cladding

5. A further key question for councils has been what they replace the ACM cladding and insulation on their tower blocks with; an issue that is of wider interest as private high rise

residential buildings with ACM cladding are identified. In the consolidated advice it issued on 5 September, DCLG indicated it would be asking the Independent Expert Advisory Panel (established to provide advice on how to make buildings safe) to consider whether there may be heightened risks associated with other cladding systems.

6. It is understood that the first stage in the review of whether there are any other cladding systems that present a similar fire safety risk to ACM cladding systems has been concluded, and that consideration is being given to commissioning BRE to research other materials that might be used in cladding systems, and using this as the basis for a catalogue. BRE has already started to publish the results of full system tests where the cladding system has passed. There are concerns with how useful it is to just publish test results where the system has passed. The LGA has therefore called for the results of failed full system tests conducted by BRE to be published.

Industry Response Group

7. Further advice for councils and building owners on carrying out remediation work is due to be provided by the Industry Response Group (IRG) established by DCLG in July. It has been working on a series of briefing notes about the key stages of remediation. These will include a decision tree for owners of buildings with ACM cladding to use, a myth-busting glossary (covering the meaning of a range of terms including materials of limited combustibility, insulation, and responsible person), the different professional advice (eg architect, fire safety engineer, quantity surveyor) available to advise on elements of the work, and assessing fire safety and identifying remedial works. These briefing notes were due to be published in October.
8. The LGA has raised a number of issues in relation to the IRG's work, not least being the speed with which advice is being made available to building owners. In the absence of a definitive list of products that have passed or failed the full systems tests perhaps the most useful advice the IRG could produce would be to give a clear steer to building owners about what products could be used to safely replace ACM cladding. We do not anticipate however that the IRG will be providing building owners with that advice due to differing views between different parts of the industry.

Interim fire safety mitigation measures

9. While remediation work is commissioned to replace ACM cladding on social housing tower blocks, councils and housing associations have to continue to ensure the safety of residents in those blocks. To assist with that DCLG and the National Fire Chiefs Council (NFCC) have produced additional guidance for building owners. DCLG issued updated advice on interim fire safety mitigation measures at the end of September. This recommends that building owners check for example, that they have a suitable fire risk assessment, that residents understand emergency fire procedures, and that doors that open on to escape corridors and stairwells are fire resistant.
10. Fire and rescue services have been carrying out inspections with building owners to assess the risks in individual buildings following the issuing of this advice, which has required the deployment of considerable resources. London Fire Brigade for example will have to inspect around 200 buildings.

11. Having completed these checks, an assessment has to be made about whether a 'stay put' strategy remains appropriate for the building taking into account a range of factors. If it is decided that a 'stay-put' approach is temporarily unsuitable for the building, then a simultaneous evacuation policy should be implemented. If the risks are very serious then consideration should be given to decanting residents from all or part of the building until the remediation work is complete. The NFCC have produced complementary guidance to DCLG's on implementing a simultaneous evacuation policy, such as the use of a Waking Watch or a common fire alarm system to detect fire and initiate an evacuation. We understand that in a number of social housing tower blocks there has had to be a move to simultaneous evacuation, following assessments by the fire and rescue service.

Funding

12. Funding the remediation work is of course a crucial issue for the affected councils, as is the cost of the fire safety checks for fire and rescue services. In order to get a sense of the cost to the 15 councils, the LGA has asked them to provide estimates of the cost of conducting remediation work. So far we have had responses from 14 out of the 15. These indicate work is either underway or already completed to remove the cladding from 26 tower blocks, and in a small number of cases replacement work has already started. Councils were also asked to provide estimates of the cost of additional fire safety measures such as installing alarms or sprinkler systems.
13. There may also be financial implications for local authorities who have transferred tower blocks to housing associations. Housing associations are not being provided with funding by government to undertake the remediation work needed to the buildings they own, and as a result they have been exploring other avenues to find the funding for the work. We understand some are examining the 'stock transfer warranties' provided at the time of the transfer by the relevant council.
14. At an evidence session before the Communities and Local Government Select Committee on 11 October the Secretary of State repeated the Department's position on funding. DCLG take the view that fire safety is the responsibility of the building owner and is not making any additional funding available to councils to carry out remediation work. The expectation is that councils will fund this work themselves. Where councils are unable to afford the work they can discuss this with the Department. Currently 32 councils have approached DCLG and seven are in detailed discussions with officials about providing them with greater flexibility to borrow from their Housing Revenue Account (HRA), or make a transfer from their general fund to the HRA.

Private sector blocks

Data collection

15. DCLG's programme for ensuring that private high rise residential buildings are safe continues to develop. Having written out to councils at the start of September to ask them to gather data on the number of private high rise residential buildings in their area, DCLG wrote on 19 October to owners of these buildings to request key pieces of information. At the same time DCLG have also written to local authority chief executives confirming that gathering the data on private high rise residential buildings represents a

new burden and funding will be made available for this work. DCLG's assessment is that the additional costs amount to £289,000 across the sector.

16. In order to assist the seven authorities with the largest number of private high rise residential buildings, DCLG has appointed relationship managers for each council. DCLG has also held teleconferences with these councils and the fifteen authorities with the next highest estimated number of private blocks to enable them to discuss issues. Those councils involved have raised concerns about the time and resource required to collect the information DCLG have requested be returned by 10 November. There has also been debate about the respective roles of councils and fire and rescue services in gathering this data.

Legal powers

17. The other main concern that councils have raised with DCLG are their powers to take action where landlords do not prove co-operative. DCLG wrote to councils in a letter dated 8 October setting out the powers they believe are available to councils under the Housing Act 2004 and the associated Housing Health and Safety Rating System. DCLG's view is that the powers in the legislation can be used in relation to external cladding systems.
18. There is concern among local authorities that, irrespective of DCLG's legal advice, private landlords will challenge attempts by councils to compel them to take action through the courts. Any dispute of this sort would have significant implications for the local authority concerned, especially if it is a smaller council with limited resources, and more widely for fire safety if the landlord's case was successful. If a building owner was to successfully challenge a council's attempts to take a sample of cladding to identify whether it was an ACM panel or not then we could be left with a number of buildings with cladding on them that represents a fire hazard, but the owner cannot be compelled to do anything about under the Housing Act. In these circumstances the onus may be on fire and rescue services to take action under the Regulatory Reform (Fire Safety) Order 2005. We have therefore urged DCLG to support any council that faces a legal challenge from a landlord, including appearing alongside the council in court.

Outcomes from the programme

19. We have also suggested that DCLG give more thought to what happens as this programme develops. From what we have heard from the construction industry, it seems ACM cladding has been more widely used on private high rise residential buildings than on social housing tower blocks. The proportion of private high rise residential buildings with ACM cladding that needs to be removed may well be greater than in council and housing association buildings. The number of affected council tower blocks amounted to no more than three per cent of the total number of council owned blocks. If the number of private residential high rise buildings with ACM cladding is higher than in the social housing sector this will have significant impact on the capacity of the construction sector to respond and will also have significant resource implications for FRAs if they have to inspect them.

20. DCLG has been clear that owners are responsible for the safety of their buildings, with the expectation being that private landlords will undertake the necessary remedial work. However this raises a number of issues. Some building owners may not be able to afford the remedial work needed to make a building safe. In this circumstance who will carry out the remedial work and who will pay for it? Fire and rescue services and councils would then have to consider who if anyone might be made to take responsibility for carrying out the work. Resolving any disagreements over who is responsible could be a complex and time consuming legal process.
21. Other building owners will pass the costs of the remedial work on to leaseholders. When these include the costs of any interim fire safety measures, the bills leaseholders could face may be substantial, and it is possible some may lose their homes as a result. It is also unclear if every building owner of a block with ACM cladding could afford to pay for interim fire safety measures until remedial work was carried out. We may therefore see pressure placed on fire and rescue services from private building owners to change their advice on the interim fire safety measures needed in a particular block.
22. This also raises the question of what action can be taken where a building owner stops providing interim fire safety measures, such as a waking watch. The powers fire and rescue services have under the Regulatory Reform (Fire Service) Order 2005 are not extensive and the ultimate sanction available would be to close a building; which would mean having to rehouse the residents living in the block. In these circumstances it is not clear if any of the powers councils have under the Housing Act, would provide a better tool short of closing the building to take action against a building owner.
23. Councils may feel compelled to take action in these circumstances. As has been reported in the press, Slough is taking action to acquire a private high rise residential building which has ACM cladding that needs to be removed. While others may wish to go down this route to ensure their residents are safe, the costs of carrying out the remediation work could well be prohibitive, even if councils are able to recover the costs of the work from the leaseholders or insurers at a later date.

Large Panel System built buildings

24. Following the inspections commissioned by the London Borough of Southwark into the tower blocks on the Ledbury estate, DCLG wrote out to all councils about large panel system-built buildings in early September. The Department recommended councils check any large panel system buildings they are responsible for to see if they have piped gas, and if they do ensure the building can carry gas safely. Whether or not large panel system buildings have a gas supply, councils were told it was important for them to understand their structural history and monitor their condition and structural integrity.
25. Councils have been told they will have to examine the records they have, which may be incomplete, to aid this process. We have therefore searched the National Archives to help councils ascertain if there are any large panel system buildings in their area that were strengthened after the explosion at Ronan Point in 1968. This information has been provided to the LGA's principal advisers in the regions to share with member authorities. DCLG have indicated that they are considering whether to produce further advice to building owners on large panel system buildings, and the further investigations that Arup

have been commissioned to carry out on the Ledbury estate is due to complete at the end of November.

Building regulations and fire safety review

26. Following consideration by the Environment, Economy, Housing and Transport Board, Lead Members of the Safer and Stronger Communities Board and Fire Services Management Committee, as well as the LGA's Grenfell Task and Finish Group, the LGA's evidence was submitted to the Review of Building Regulations and Fire Safety on 13 October. A copy has been attached at **Appendix A**. Subsequently the Review team invited the LGA to participate in a roundtable event with tenants and leaseholders in London on 6 November, and there has also been a meeting with the Review team.
27. The Review's interim report is expected before the end of the year, with the final report and recommendations ready in spring 2018. This is still a work in progress, so if there are additional points members wish to see raised for consideration by the Review team these can be included in any future discussions.

Implications for Wales

28. The issues set out in this document are being addressed by the devolved administration and local authorities in Wales.

Financial Implications

29. The LGA's work in response to Grenfell Tower continues to be intensive; however it has been met so far from existing resources.

Next steps

30. Members are asked to:
- 30.1. Note the ongoing work at a national and local level to improve fire safety in high rise buildings.
 - 30.2. Note the LGA's submission to the Building Regulations and Fire Safety Review and consider if there are any additional points to be raised with the Review team



LGA submission to the call for evidence for the independent review of building regulations and fire safety

13 October 2017

About the Local Government Association (LGA)

The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

Introduction

The LGA welcomes the opportunity to submit evidence to the independent review of building regulations and fire safety. Councils across the country are clear that no one should have to live in fear about their safety, be that in the buildings they live in, work in or visit.

The tragedy at Grenfell Tower has clearly exposed a systemic failure of the building regulation system, which needs to be addressed urgently to ensure such an incident never happens again.

Whilst the primary focus since Grenfell has, understandably, been fire safety in high-rise towers, we urge the independent review to look more broadly at building regulation and fire safety issues that affect all buildings, to ensure there are robust procedures in place across the board. Furthermore, recommendations arising from the review should be given clear deadlines for implementation.

Whilst our response covers the specific questions in the call for evidence, it can be split broadly into two themes. Those looking at fire safety when buildings are being constructed and post-construction fire safety.

In relation to both themes we feel that there needs either to be a single point of responsibility or greater clarity over the responsibilities of those building and/or owning blocks and the regulators of construction and ongoing safety. All of these arrangements need to be clear to residents, to those responsible for construction at the sharp end and to those with day-to-day responsibility for managing buildings.

A summary of our proposals can be found at the end of this document.

Submission

Response to specific questions in the call for evidence

1 The overarching legal requirements

Q1 To what extent are the current building, housing and fire safety legislation and associated guidance clear and understood by those who need to follow them? In particular:

- What parts are clear and well understood by those who need to follow them? and, if appropriate*
- Where specifically do you think there are gaps, inconsistencies and/or overlaps (including between different parts of the legislation and guidance)? What changes would be necessary to address these and what are the benefits of doing so?*

The requirement under section B4 (1) of the Building Regulations 2010¹ relating to the spread of fire across the external walls of the building is perfectly clear and does not need to be revised. This specifies that *'The external walls shall adequately resist the spread of fire over the walls and from one building to another, having regards to the height, use and position of the building'*.

Approved Document B Volume 2

However, this is not the case with the Government's guidance Approved Document B (fire safety) volume 2²: buildings others than dwelling houses, which deals with fire safety in tall buildings and is unclear.

The lack of clarity in the guidance has been recognised at least since 2013 when the Coroner in the case of the 2009 Lakanal House deaths wrote in a Rule 43 letter to the Department of Communities and Local Government (DCLG) stating that "[Approved Document B] is a most difficult document to use" and recommended that the Department "provides clear guidance in relation to Regulation B4 of the Building Regulations, with particular regard to the spread of fire over the external envelope of the building".

The Coroner went on to recommend that the guidance "is expressed in words and adopts a format which are intelligible to the wide range of people and bodies engaged in construction, maintenance and refurbishment of buildings"

The concerns of the Coroner are supported by evidence from the Fire Sector Federation titled "Why does Approved Document B need to be reviewed?" The document cites findings from a survey of Fire Sector Federation and Construction Industry Council members suggesting that a large proportion of the members of both organisations have serious concerns as to the adequacy and clarity of Approved Document B. More than half of the CIC members responding to the survey are said to find Approved Document B difficult to use.

¹ <http://www.legislation.gov.uk/uksi/2010/2214/schedule/1/made>

² <https://www.gov.uk/government/publications/fire-safety-approved-document-b>

In its response to the Coroners rule 43 letter DCLG stated that a new edition of the Approved Document would be produced in 2016/17. This did not happen.

Approved Document B is of no use if the individuals fixing cladding systems to buildings do not understand both the document, its purpose and its importance. It is clear that terms such as 'filler' (in paragraph 12.7) mean different things to lawyers than to builders. This is a serious failing in a document that the building industry is supposed to understand and apply. Approved Document B2 as a whole is arguably not fit for purpose in this respect. The revised version - and the definitions section in particular - should be subjected to a reality-check to ensure it is comprehensible to those working in the industry.

Our specific concerns with the guidance are listed here:

- The tone of the opening introductory paragraphs invites the reader to find alternative ways to those in the guidance with which to comply with section B4 (1) of the building regulations; it states that "there is no obligation to adopt any particular solution contained in an approved document if you prefer to meet the relevant requirement in some other way".³ There is a risk that this leeway undermines the authority of the guidance and establishes a contestable space in which manufacturers, builders, and regulators must operate
- There are both national and European classifications of non-combustible materials and materials of limited combustibility. Approved Document B Vol 2 rightly refers to both and states that "the national classifications do not automatically equate with the equivalent [European] classifications" and that products "cannot typically assume a European class unless they have been tested accordingly".⁴ However, there is a lack of clarity as to when a national or European standard should apply. This is of particular importance and becomes increasingly confusing when the guidance is being read in conjunction with other documents such as Agrément Certificates
- In general it is important to note that the guidance can only be interpreted by further reference to a number of other complex documents including various British Standards and BR 135⁵
- Paragraphs 12.5 to 12.9 of Approved Document B Vol 2 provide the relevant guidance for external wall construction and external surfaces for blocks of flats that are 18 metres or taller. These paragraphs set up two separate routes to compliance and are problematic:

³ AD B Vol 2 p5

⁴ AD B Vol 2 Appendix A Tables 6 and 7

⁵ [BR 135](#)

- Whilst paragraphs 12.6 and 12.7 may appear to set absolute requirements for 18m plus buildings if read alone, that is not the case because paragraph 12.5 offers an alternative route to compliance stating that “External walls should either meet the guidance given in paragraphs 12.6 to 12.9 or meet the performance criteria given in the BRE Report Fire Performance of external insulation for walls of multi storey buildings (BR 135)”
- In doing so the guidance appears to set up no absolute requirement for the external surfaces of walls to meet the provisions of paragraph 12.6 and Diagram 40 or for insulation materials in cladding systems used on 18m plus buildings to be of “limited combustibility” as specified in paragraph 12.7. The guidance allows not just for two separate routes to compliance but for two completely separate standards. The continuation of such an approach must now be questionable
- The confusion in these important paragraphs is compounded further by a tension between the requirements of 12.6 and Diagram 40 (“Provisions for external surfaces or walls”), which appear to set a B threshold for external wall surfaces, and the requirements of 12.7 which set an A2 threshold for any external cladding.

A practice has built up in the industry whereby a *third* option to achieve compliance is available.⁶ This approach, allows that if no actual fire test data exists for a particular system, a desk-top study report by a suitable independent UKAS accredited testing body (BRE, Chiltern Fire or Warrington Fire) can be submitted instead to building control stating whether, in their opinion, BR 135 criteria would be met with the proposed system. These reports are a matter of judgement and cannot be verified by building control. Subsequent to the Grenfell Tower fire a number of cladding systems which have been used on tall buildings have proved not to meet the required standard of non-combustibility. This raises serious questions about the appropriateness of a route to compliance which does not depend on an actual fire test.

These concerns suggest that the efficacy of the approach to guidance, including allowing various routes to compliance and dual standards must be questioned and that a substantial rewrite of Approved Document B is required. The rewrite should ensure that the updated document is comprehensible to those industry professionals that use it and ultimately delivers the key outcomes it seeks to address, which is fire safety.

As a minimum:

- Paragraph 12.7 should be rewritten to say that all the material used in external cladding systems should be of limited combustibility (this would still allow products that do not meet this standard to be used where a system has passed BS 8414). The existing references to the materials

⁶ BCA Technical Guidance Note 18

(e.g. filler) involved allows room for confusion although the reference to gaskets and sealants in parenthesis may need to be retained

- Approved Document B should also make it clear that a fire-engineering approach cannot override the requirement of section B4 (1) of the Building Regulations and that desktop studies cannot substitute for test BS 8414.

BR 135 and BS 8414 and the transparency of test results

BR 135 specifies criteria to assess whether an entire cladding system meets pass/fail thresholds for external and internal fire spread when tested using the method set out in BS 8414. BS 8414⁷ is a British Standard describing test methods to assess fire safety of cladding applied to the external face of a building.

The details of the BS 8414 test need to be reviewed and clear guidance provided on how far a cladding system may in practice differ from the test rig used if it is to rely on an existing test result. This provision is required to avoid repeating the test where a system is identical in key respects to those already tested (for example the same materials and no significant difference to the layout). It should not be capable of providing the same effective loophole that desk top studies have in practice become.

The BS8414 tests undertaken by independent UKAS accredited testing bodies (BRE, Chiltern Fire or Warrington Fire) are a commercial activity. As such the results are treated as commercially confidential and are not available publically without the approval of the manufacturer that has submitted a product or system for testing. This has proved frustrating as councils and other landlords and building owners have grappled with the challenge of assessing the cladding on their buildings, particularly if the cladding systems are not one of those that the Government has recently tested.

Following the Grenfell Tower fire, it is now unsustainable that test results, particularly those that fail under BS 8414, can be treated as commercially confidential. There should be a duty on accredited testing bodies to make this information publicly available. It should also be the case that the granting of an Agrément Certificate is dependent on the publication of *all* fire safety test results.

The test relating to BS 8414 is based on the assumption that systems are properly fitted. Evidence suggests, for example around wind loading, that this cannot be relied upon. It would be helpful if the BS8414 testing regime were able to provide information on how sensitive the tests are to commonly found mistakes in building envelopes.

Consideration should also be given as to whether retrospective installation of BS8414 tested cladding systems onto older buildings (which may have been built under broader construction tolerances than might be allowed today), could impact on the integrity and fire safety of that system.

⁷ [BS 8414](#)

The details of the BS 8414 test are not widely known and are not publicly available without the purchase of a BRE publication. These details need to be made more widely available in order to aid understanding of why the test matters.

Wind loading

A separate and distinct issue has risen in respect of cladding on tower blocks. Following investigations of cladding that fell from buildings in Glasgow, it was found that some cladding systems may be designed and installed in such a way that they could fail in strong winds. It is our understanding that a survey by the British Board of Agrément has shown that wind loading calculations for cladding systems are not properly understood by the industry. Approved Document B needs to refer to the need for accurate wind loading calculations.

Energy performance and Approved Document L

The Buildings Energy Performance Directive¹ (EPBD) was approved on 16 December 2002 and brought into force on 4 January 2003. EPBD required Member States to take measures to ensure that minimum energy performance requirements for buildings were set. Building Regulations were amended in 2006 and a new set of Approved Documents L were introduced. Targets for heat loss, a U value, apply for new build and for renovations. For example Table A1 of AD L1 B sets a U value of 0.30 for the renewal of cladding, or applying cladding for the first time to an external wall. This has implications for the type of insulation and rain screen used in a cladding system. We need to ensure that in complying with Approved Document L there is an appropriate regard for fire safety. Approved Document L may need amending to ensure that requirements in respect of energy efficiency do not obscure requirements elsewhere in respect of fire safety.

The possibility that changes of use under permitted development that see buildings over 18m transferred from commercial, in particular office use to residential, may add an additional gap in the regulatory framework, needs to be properly investigated.

The points made above require a wide-ranging review of building regulation guidance. However, in our view the changes which can be made quickly should not be delayed pending the outcome of a wider review. In particular the guidance around cladding systems must be revised quickly so that it can inform the recladding that needs to be carried out now.

Post construction safety and the Fire Safety Order

Following the Lakanal House inquest, the Coroner wrote to the Department for Communities and Local Government in a Rule 43 letter recommending that the Government give clear guidance on:

- The definition of 'common parts' of buildings containing multiple premises

- Inspection of a maisonette or flat which has been modified internally to determine whether compartmentation has been breached
- Inspection of a sample of flats or maisonettes to identify possible breaches of the compartment.⁸

Clear guidance is still outstanding and these uncertainties remain.

In addition there appears to be uncertainty over:

- Whether cladding systems are ‘common parts’ of buildings for the purpose of the Regulatory Reform (Fire Safety) order 2005 (the FSO)
- Whether cladding issues should be inspected and enforced under the FSO by fire and rescue authorities or the Housing Act
- Whether cladding which would not pass building regulations is a category one hazard under the health and safety rating system under the Housing Act.

In general there is insufficient clarity on the relationship between the Housing Act 2004 and the Fire Safety Order and the division of responsibilities and powers between councils under the former and fire and rescue services under the latter. This could be solved by a single body (either the local authority or the fire and rescue service) being given exclusive responsibility for fire safety issues in multi-storey blocks. Or, alternatively, clarifying the respective roles of councils and fire and rescue services may prove equally effective. To avoid any perceived conflict of interest, councils should not be put in a position where they are both the proprietor/landlord of a building and the regulator. In these instances partnership with fire and rescue services will be crucial.

Either way it is essential that there is a collaborative partnership approach between all agencies involved in ensuring the safety of residents, albeit relative responsibilities need to be clarified and formalised. Our concern is to see the issue addressed and the solution properly funded, rather than to ensure it is addressed in a particular manner, although we intend to consider that issue further and seek our members’ views on it. For the sake of concision this point is not repeated below where reference is made to a single enforcement body.

Building Regulations Advisory Committee (BRAC)

The Building Regulations Advisory Committee (BRAC)⁹ is an advisory non-departmental public body, sponsored by DCLG. The Committee advises on making building regulations and setting standards for the design and construction of buildings. Given the previous Government’s drive to “reduce the regulatory burden on the housing industry”¹⁰, and “make it

⁸ <https://www.lambeth.gov.uk/sites/default/files/ec-letter-to-DCLG-pursuant-to-rule43-28March2013.pdf>

⁹ [Building Regulations Advisory Committee \(BRAC\)](#)

¹⁰ [Ministerial Statement 13 March 2014](#)

easier and cheaper to build homes”¹¹, consideration should be given to the impact that this deregulation has had on the overall safety and quality of new builds over successive Governments. For example, whether the drive to reduce costs has led to a race to the bottom in terms of building standards, rather than the most appropriate level of regulation. There should also be a review on the fitness for purpose of BRAC. This should consider, in particular, the quality and frequency of BRAC’s advice to Government, the degree to which its conclusions are followed up by the Government and the balance of interests on the committee.

Local Government Association guidance on fire safety in purpose-built blocks of flats

The LGA led work commissioned by Government to develop sector-led guidance¹² on fire safety in purpose-built blocks of flats, which was written by experts in the field of fire safety and was published in July 2011. It was developed after landlords voiced a number of concerns about how best they can deliver an appropriate level of fire safety in purpose-built blocks of flats. The LGA is keen to work with the Government and other partners to consider the implications of any recommendations resulting from the Hackitt review, the Grenfell Tower public inquiry and inquest to make any revisions to the guidance as appropriate.

2 Roles & Responsibilities

Q2 Are the roles, responsibilities & accountabilities of different individuals (in relation to adhering to fire safety requirements or assessing compliance) at each key stage of the building process clear, effective and timely? In particular:

- *Where are responsibilities clear, effective and timely and well understood by those who need to adhere to them/assess them? and, if appropriate*
- *Where specifically do you think the regime is not effective?*
- *What changes would be necessary to address these and what are the benefits of doing so?*

The body of legislation is only one aspect in considering the safety of buildings. The practice of the construction sector and professionals within it are equally important. There is evidence to suggest that the chain of different suppliers and contractors involved in the construction or refurbishment of a building allows too great a risk that value engineering and product substitution can happen after building control plans have been approved and even during the construction phase.

It is necessary to reduce this risk and in our view, the construction of safe buildings will require that:

- Responsibility for ensuring that a building is constructed in accordance with the building regulations and that unsuitable products are not introduced at a late stage in the construction process needs to lie with a specific individual who can work across

¹¹ [DCLG press release](#)

¹² [LGA guidance on fire safety in purpose-built blocks of flats – July 2011](#)

the supply chain, probably supported by a more rigorous inspection system

- This could include creating a formal stage when plans and specific product details have to be verified by building control. They then must be delivered according to the verified details with inspections scheduled to monitor key phases and tasks
- Workers engaged in front line tasks understand what they can and cannot do to comply with the regulations. It is impractical to imagine that it will ever be possible to ensure cladding is properly attached to a building and cavity barriers fully functional, through inspection alone. This could be addressed through an accredited installer scheme for cladding industry employees
- Anyone undertaking work in a block that could breach the principle of compartmentation understands the need to avoid doing so. While this can be addressed through training of utility installers etc, all such work needs to be notifiable to building control (and also to the single body referred to in answer to Question1 above, if this approach were to be adopted) as well as to the responsible person under the Fire Safety Order.

We are not confident that the current regulatory framework ensures any of the above outcomes.

Building control under market conditions

Building Control Bodies (BCBs) are responsible for checking building works to provide verification that it complies with national building regulations. Building Control Bodies may be either the building control department within a local authority or an Approved Inspector. The person carrying out building work can decide whether to use the local authority or an Approved Inspector.

The current competitive system of building control, operating within indeterminate building regulations' guidance, hinders an effective inspection regime. A competitive market for building control sign-off creates pressure to lower costs and particularly when guidance is unclear, can lead to lower standards, including fewer less rigorous inspections.

The ability of Approved Inspectors and council building control services to win business decreases the more expensive their service is. This deters inspectors from conducting more than the minimum number of inspections or from making those inspections more rigorous than is absolutely necessary. There should be absolute clarity on the required inspections and the standard of those inspections for both local authority building control inspectors and Approved Inspectors to ensure a level playing field – this could drive up the effectiveness and quality of inspection regimes across this competitive market. This should apply to all new building work, including new builds, as well as conversions and refurbishments of existing buildings for the avoidance of doubt.

It appears that no power exists to compel Approved Inspectors to provide anyone other than their client with copies of approvals or the reasoning behind them. This lack of transparency should be rectified.

Q3 Does the current system place a clear over-arching responsibility on named parties for maintaining/ ensuring fire safety requirements are met in a high-rise multi occupancy building? Where could this be made clearer? What would be the benefits of doing so?

As our answer to Q2 above indicates, we do not feel the current system adequately places a clear over-arching responsibility on named parties for ensuring fire safety requirements are met in a high-rise multi occupancy building in respect of construction.

Post construction we think it is clear that currently responsibilities for ensuring fire safety requirements are met lie with the building owner for common parts and the occupier for individual dwellings. We think this distinction needs review, because fire does not recognise these administrative boundaries.

In particular, while tenancy agreements and leases can require occupiers not to breach the principle of compartmentation, there is evidence to suggest that this is not well understood by occupiers (for example front fire doors and fire glass are often replaced with uncertified products), nor is internal work in a dwelling likely to be inspected or to come to light.

The FSO's requirement for a responsible person to produce a fire risk assessment (FRA) only applies to common parts and does not require sufficient expertise to be brought to bear on producing the FRA.

Building owners should have responsibility for ensuring that the FRA is carried out by a suitably qualified person and covers all parts of the building to ensure that tenants and leaseholders do not breach compartmentation. Clear guidance on such inspections would be required, as recommended by the Coroner in the Lakanal House inquest.

As suggested above, one solution would be for a single enforcement body to be responsible for inspecting all areas of high rise blocks against this FRA.

In terms of implementing any necessary fire safety measures as a result of an FRA, it is worth considering what powers are, or should be, available to landowners, councils and fire and rescue services to ensure action is taken swiftly and that costs can be recouped. This is of particular concern in mixed tenure buildings where leaseholders and tenants occupy properties but may fail to agree on fire safety measures.

3 Competencies of key players

Q4 What evidence is there that those with responsibility for:

- *Demonstrating compliance (with building regulations, housing & fire safety requirements) at various stages in the life cycle of a building;*

- *Assessing compliance with those requirements*

are appropriately trained and accredited and are adequately resourced to perform their role effectively (including whether there are enough qualified professionals in each key area)? If gaps exist how can they be addressed and what would be the benefits of doing so?

Building Control

There is evidence to suggest that there are significant recruitment and retention issues in local authority building control. There is particular concern about the loss of qualified and experienced building control surveyors to the private sector, as well as through retirement. The local government sector would like to work with Government to consider opportunities to increase capacity and address recruitment and retention issues to ensure that local authorities can continue to deliver effective building control services.

In terms of specific competencies, these should be closely matched to the type and complexity of work being undertaken. This is equally relevant to building control, fire risk assessors, designers or contractors. In the case of local authority building control there are many opportunities for further training. This includes courses run by other local government membership organisations such as Local Authority Building Control (LABC), which includes a portfolio of Continued Professional Development (CPD) courses. The Government should work with the building control sector to assess whether there is merit in having a specific competency set or minimum qualification level required to deal with building control issues relating to high-rise and/or high complexity buildings. It is important that any competency expectations are the same for both local authority building control inspectors and Approved Inspectors to ensure transparency and a level playing field within the competitive market in which they operate.

Local authority building control services have quality management systems including certification under ISO 90001, which means that they are continuously undergoing the scrutiny of this third party certification body. The vast majority of these services supply information to a performance sub-committee of the Building Regulations Advisory Committee (the building control performance standards advisory group (BCPSAG)). Through this mechanism services are able to monitor compliance with relevant competencies. The information in these audits provide the basis for benchmarking and a sector led approach to improvement.

The LGA champions sector-led improvement across local government. In our view it is the most effective way to secure sustained improvement. Sector-led improvement is based on the underlying principles that local authorities are:

- Responsible for their own performance
- Accountable locally, not nationally
- Operating with a sense of collective responsibility for the performance of the sector as a whole, and
- Drawing on the LGA to provide tools and support.

There are opportunities to extend the existing sector-led offer to local authority building control, but this is not costless and would need to be fully funded.

Fire Risk Assessment

There is currently no prescribed threshold of expertise required for the conduct of a fire risk assessment. This may be acceptable in low rise blocks, but in high rise blocks, or buildings housing vulnerable people, fire risk assessments should be carried out by accredited experts (for example through UKAS) holding a nationally agreed minimum level of qualification. This should cover the entire structure including individual dwellings, irrespective of ownership. This may require regulatory change to ensure that fire risk assessors can access individual dwellings.

There should be a requirement for fire risk assessments on high rise blocks or other high risk/high complexity buildings to be logged in the same way as 'Competent Persons' Scheme notifications are held by local authorities and subject to fixed interval regular review.

4 Enforcement & Sanctions

Q5 Is the current checking and inspection regime adequately backed up through enforcement and sanctions? In particular

- *Where does the regime already adequately drive compliance or ensure remedial action is always taken in a timely manner where needed?*
- *Where does the system fail to do so? Are changes required to address this and what would be the benefits of doing so?*

It is too early to be certain, but we hope that the consequences for a building owner of discovering dangerous cladding on their building and having to undergo interim and long-term remediation work are likely to be expensive enough to provide a deterrent to non-compliance in themselves. Therefore, while the system of construction regulation has obviously failed on a large scale, the issue here is not one of enforcement and sanctions, but of oversight, including inspection (and the issues raised previously including the effectiveness of guidance).

That said, there are elements of the enforcement regime that should be reformed. The time limit on enforcement action in respect of breaches of building regulation should be removed, particularly where those breaches pose a serious risk to public safety, as is the case in the current cladding crisis (we are not arguing here for retrospective prosecution where a building complied with regulations in force at the time). Currently local authorities have two formal enforcement powers where building work undertaken is not in compliance with the building regulations:

- First, the local authority may prosecute a person who has carried out building work which contravenes the Building Regulations in the Magistrates' County, resulting in an unlimited fine (sections 35 and 35A of the Building Act 1984). Prosecution is only possible up to two

years after completion of the work. Action will usually be taken against the person carrying out the work, for example the builder, main contractor or installer

- Secondly, the local authority can alternatively, or in addition, serve an enforcement notice on the building owner requiring alteration or removal of work where it contravenes the Building Regulations (section 36 of the 1984 Act). The local authority has the power to undertake the work itself and recover costs from the owner, in cases where the owner does not comply with the notice. A section 36 enforcement notice cannot be served on a building owner following the expiration of 12 months from the date the offending building work is completed. Where building work has been carried out in accordance with a full plans building control application which a local authority approved or failed to reject, the local authority cannot take enforcement action under section 36.

Post construction fire safety in high rise blocks should be subjected to regular inspections. One solution would be for this to be undertaken by a single body responsible for the entire block, both dwellings and common parts (including the external envelope), to whom any work relevant to compartmentation or other fire safety issues should be notifiable.

Building owners or managers should be required to ensure that not only do they have a fire risk assessment conducted by someone with the necessary expertise but that this assessment is publicly available, that it is supplied to residents and that residents are made aware of how to contact the enforcement body directly should they have concerns. There should be a statutory time period in which the assessment should be made public, but should allow sufficient time for landlords to plan how to rectify any issues of concern identified through a fire risk assessment.

There is currently some uncertainty over whether councils (using the Housing Act) or fire and rescue services (using the FSO) have the power to demand that building owners test cladding to check that it poses no fire safety risk, or to insist upon the replacement of dangerous cladding.

The Government should provide a clear overview of the legal powers under which councils and/or fire and rescue services are able to act should enforcement action be required. For example through the Housing Act 2004, and the regulations and Housing Health and Safety Rating System made under it and/or the FSO.

If the above powers do exist, the ultimate sanction under them is to carry out work and then charge the building owner for doing so. It may be that where cladding needs replacing building owners will not only refuse to do so, but write-off assets rather than pay the cost of re-cladding, leaving councils with the bill.

Therefore, in cases where owners cannot or will not carry out work to address a significant safety issue in a block (which might be defined as one requiring evacuation until it can be addressed), councils (who would

otherwise be required to meet the housing needs of those evacuated) should be given control of the block and the power to act as freehold owners in order at least to meet the housing needs of residents and to recoup any costs incurred. Arguably this arrangement should continue beyond that point in order to provide a punitive sanction against building owners who have not borne the responsibility. If such arrangements were made, the property rights of leaseholders should of course be protected. Indeed, it is our view that these arrangements are necessary in part in order to protect those rights.

5 Tenants' & Residents' Voice in the current system

Q6 Is there an effective means for tenants and other residents to raise concerns about the fire safety of their buildings and to receive feedback? Where might changes be required to ensure tenants'/residents' voices on fire safety can be heard in the future?

Residents and tenant engagement should be at the heart of everything that public organisations do. This should include involving residents and tenants in formulating policy, developing services and providing views and feedback once implemented.

Insight and understanding local communities is key to developing strong engagement. The LGA's New Conversations¹³ guide sets out the principles of good engagement and could act as a starting point for further developing this work.

Best practice around what good community engagement should be can be developed further and the LGA would be pleased to play a leading role in this, following work we have already done in this area.

As set out in answer to the previous question, it is essential that owners are proactively required to share fire risk assessment with residents and that residents are empowered to raise any concerns about fire safety directly to the enforcing authority.

6 Quality Assurance and Testing of Materials

Q7 Does the way building components are safety checked, certified and marketed in relation to building regulations requirements need to change? In particular:

- *Where is the system sufficiently robust and reliable in maximising fire safety and, if appropriate*
- *Where specifically do you think there are weaknesses/gaps? What changes would be necessary to address these and what would be the benefits of doing so?*

There is evidence to suggest that product naming for building components can sometimes be ambiguous, and there is no convention for product naming and marking for many products. All building components that have to be assessed in fire safety decision-making should carry visible product

¹³ <https://www.local.gov.uk/new-conversations-lga-guide-engagement>

marking that relates to test certificates which is clear when goods are delivered to construction sites. Alongside the requirement outlined earlier for a new process whereby plans and specific product details have to be verified by building control, this would ensure that product substitutions did not take place on site, which might compromise fire safety.

Test certification documents for building components can be lengthy and complex to understand, therefore requiring careful use. Test certification should be presented in a standard template containing the essential facts and figures. For example, products which can never be safely used above 18m, such as polyethylene (PE) grade Aluminium Cladding Material, need to be clearly marked to that effect. These should be publicly available on a trusted website, for example, .gov.uk. This will enable users, including building control departments to make an informed decision about the appropriateness of using that component in a construction product, and to easily and effectively determine its compliance with building regulations.

Building product manufacturers should also be required to clearly state whether products may present other hazard risks to building occupants and/or the area surrounding the building in the event of fire, for example release of toxic gases.

7 Differentiation within the current Regulatory System

Q8 What would be the advantages/disadvantages of creating a greater degree of differentiation in the regulatory system between high-rise multi occupancy residential buildings and other less complex types of residential/non-residential buildings?

As outlined previously, all those involved at the various stages in the life cycle of a building, should be appropriately trained and accredited to reflect the complexity of the work that they are involved in. The increased complexities arising from high-rise multi occupancy residential buildings – not least in the design, construction as well as fire safety implications for residents – suggests that there is a strong case for a higher level of training and accreditation for those involved in activities relating to these types of buildings. It is vital that where any differentiation is introduced in the regulatory system, that the Government provides absolute clarity on how the new system works and the competency levels required, to avoid any ambiguity.

While there may be a good case for exempting low-rise residential accommodation from some of the requirements imposed on high rise, there is also a case for more rigorous conditions imposed on buildings with vulnerable occupants (e.g. student accommodation, sheltered accommodation, care homes, health buildings etc.)

8 International Comparisons and Other Sectors

Q9 What examples exist from outside England of good practice in regulatory systems that aim to ensure fire safety in similar buildings? What aspects should be specifically considered and why?

Q10 What examples of good practice from regulatory regimes in other

industries/sectors that are dependent on high quality safety environments are there that we could learn from? What key lessons are there for enhancing fire safety?

No response.

9 Summary of proposals/suggestions

Construction Stage

- The time limit on enforcing building regulations should be removed
- Approved Document B needs revising as detailed in our response to Q1
- Desk-top studies and fire engineering approaches are not acceptable routes to compliance with building regulation for cladding
- One individual needs to be legally responsible for ensuring that building regulations are complied with during the construction, refurbishment or cladding of a building from design to completion
- As a minimum the competitive market in building control needs to be reformed to ensure that fire safety is not a basis for competition and there needs to be a more rigorous prescription of the number of inspections, the stages at which they take place and their content
- The shortage and age profile of the building control profession needs to be addressed and the sector wants to work with Government on how to address these issues
- All tests carried out under BS 8414 should be available to building control and any enforcing authority responsible for fire safety. Both enforcement agencies should have the power to compel independent building control assessors to reveal relevant information
- The test method for BS 8414 should be published
- Any work on a high rise building which could compromise compartmentation (including cladding) should be notifiable to building control and the enforcing authority for fire safety in the building
- Cladding on high rise buildings should be subject to an accredited installers scheme

Post construction fire safety

- Uncertainty over the relative roles of councils and fire and rescue services and the relationship between the FSO and the Housing Act must be addressed. This could be done either by establishing that fire services or councils are the sole enforcement body or by clarifying powers and responsibilities of each (references to the enforcing authority below refer to either of the above outcomes). However, councils should not be put in a position where they are

both the proprietor/landlord and regulator. Partnership with the fire and rescue service will be crucial in these instances

- The enforcing authority needs to be able to treat fire safety in high rise buildings as a whole with the powers to inspect dwellings as well as common parts (including the external envelope)
- The enforcing authority needs greater powers to act when a serious issue is identified. These should include taking control of a building as de facto freeholder where the freeholder fails to address a serious safety issue
- The Housing Health and Safety Rating system needs revising to remove questions over the power of enforcing authority to act in respect of cladding issues
- A responsible person must be made legally responsible for fire safety in high rise buildings as a whole, including dwellings whether leased or rented
- The responsible person must commission a fire risk assessment from a suitably qualified and accredited person holding a nationally agreed minimum level of qualification
- The fire risk assessment must be provided to residents on an individual basis (i.e. not simply displayed in a stairwell) and to the enforcing authority. Residents must be informed of their right to draw matters of concern to the enforcing authority and how to do so
- Consideration should be given as to whether some or all of the above measures might be appropriate for accommodation used by vulnerable groups in addition to high rise blocks.

Industrial Strategy

Purpose of report

For information. This is a board item updating members on the publication of the Industrial Strategy White Paper and our headline response from the LGA briefing for member councils.

Summary

On 27 November 2017 the Government published “Industrial Strategy - Building a Britain fit for the future.” This White Paper sets out the Government’s plans to support business and industries, and boost productivity through investment in the skills, industries and infrastructure of the future and follows January’s consultative Green Paper to which this board led the response on behalf of the LGA. The report highlights key developments of relevance to this Board and includes a summary of the LGA’s briefing for member councils. The full LGA briefing is also appended.

Recommendations

That the Environment, Economy, Housing and Transport Board:

1. Notes the publication of the Industrial Strategy White Paper, the LGA’s response and key developments highlighted for this board.
2. Identify any further issues for LGA officers to follow up.

Actions

Officers to progress as directed by the Board.

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Industrial Strategy

Background

1. On 27 November 2017 the Government published “Industrial Strategy - Building a Britain fit for the future.” This White Paper sets out the Government’s plans to support business and industries, and boost productivity through investment in the skills, industries and infrastructure of the future. It does this through focusing on five foundations:
 - 1.1. Ideas
 - 1.2. People
 - 1.3. Infrastructure
 - 1.4. business environment
 - 1.5. places
2. The White Paper follows the consultative Green Paper which was published in January 2017, to which this board led the response on behalf of the LGA, calling for a place-based approach.
3. Under the above headings, the strategy draws together in one place a range of new and existing policy and related funding. An LGA briefing was produced in the week of the White Paper being published which summarised the main announcements in the industrial strategy of relevance to local government and the LGA’s response, covering contributions across a number of LGA Boards. The full Strategy can be found on the Department for Business, Energy and Industrial Strategy website:
<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>.

Issues

4. Members may wish to note two areas of development of particular interest to this Board
 - 4.1. The creation of a new £1.7 billion Transformational Cities Fund, which is for projects that improve connectivity, reduce congestion and utilise new mobility services and technology. Half of this funding will be allocated through a competition for transport projects in cities, with the remainder allocated to the six combined authorities with elected metro mayors.
 - 4.2. There will be a review of Local Enterprise Partnerships, covering roles and responsibilities and will bring forward reforms to leadership, governance, accountability, financial reporting and geographic boundaries.
5. LGA officials will be seeking further clarification on the Transformational Cities Fund, including allocation processes and who will be eligible to bid for funds and assurances on local government’s role in the review of LEPS.

6. Key LGA messages are set out below and the full briefing is appended to this report.

Key Messages

- 6.1. As we embark on leaving the European Union, the Government's industrial strategy provides a critical opportunity to drive the creation of a successful, world-leading economy. We welcome the strong focus on place as one of the five foundations of productivity and the building block of local industrial strategies. We are committed to working with businesses, Local Enterprise Partnerships (LEPs), and partners to develop ambitious strategies, many of which will need devolved powers and budgets in order to deliver benefits to local communities.
- 6.2. Tackling economic imbalances and driving growth in all areas of the country is not a simple project. It can neither remain a static document nor be driven top-down from Whitehall, but should reflect the geographic and economic diversity of Britain.
- 6.3. If we are to have a successful, modern and globally competitive economy, one which enables everyone to succeed, it is essential that the industrial strategy recognises the strengths and opportunities that each area brings and the vital contribution of local government.
- 6.4. Council leaders are committed to working with business leaders to boost productivity and growth. If we are to play a full part, we quickly need to develop a national regional aid scheme to replace all existing EU regeneration funding and a devolved approach to skills and infrastructure that ensures that every local economy and individual has the potential to prosper.
- 6.5. The new skills initiatives - including the advisory panels and national retraining programme – are an important step in addressing our skills challenges, but they will only work if they are planned and coordinated locally and aligned with other initiatives to target training of the current and future workforce. We urge the Government to work with us and councils on implementing our Work Local proposals so that the whole skills system can be made coherent for local people and more effective for local businesses.
- 6.6. Councils have a unique understanding of their local economies, with ownership over the key levers of local growth, including strategic infrastructure planning, land use planning and strong sub-regional partnerships with business and other public sector leaders. This gives them an important leadership role in developing local industrial strategies. In order to see prosperity across the country all areas need to be able to draw on the right powers and adequate funding to deliver successful and inclusive economies.
- 6.7. The review of LEPs is an important opportunity to secure an even stronger partnership between business and public sector leaders, and the basis for new

devolution deals. In order to ensure the right balance of powers, funding and support across Whitehall, it is essential that councils across the country play a full part in the review. LEPs are local partnerships, and growth strategies will rely on the strength and quality of local leadership. They will fail without the involvement of councils.

- 6.8. It is encouraging to see the White Paper state that investment decisions need to be more geographically balanced and include more local voices. There needs to be greater recognition of councils' wide role in boosting productivity that ranges from civic leadership and plan-making to local infrastructure and public health.

Implications for Wales

7. The Industrial Strategy is UK-wide, however, some elements of industrial and economic policy are devolved matters for the Welsh Assembly.

Financial Implications

8. None.

Next steps

9. Officers to progress as directed by the Board.

Local Government Association Industrial Strategy Briefing 1 December 2017



Introduction

On 27 November 2017 the Government published the 'Industrial Strategy: building a Britain fit for the future'. The White Paper sets out the Government's final plans for supporting Britain's industrial sectors, improving productivity, driving growth across the country and making British business more competitive. This White Paper follows on from January's consultative Green Paper to which the Local Government Association (LGA) responded calling for a place-based approach. The strategy is structured under five foundations of productivity: ideas, people, infrastructure, business environment, and places. It draws together in one place a range of new and existing policy and related funding.

This briefing summarises the main announcements in the industrial strategy of relevance to local government and sets out the Local Government Association's response. The full White Paper and associated announcements can be found on the Department for Business, Energy and Industrial Strategy website:

<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

Key messages

- As we embark on leaving the European Union, the Government's industrial strategy provides a critical opportunity to drive the creation of a successful, world-leading economy. We welcome the strong focus on place as one of the five foundations of productivity and the building block of local industrial strategies. We are committed to working with businesses, Local Enterprise Partnerships (LEPs), and partners to develop ambitious strategies, many of which will need devolved powers and budgets in order to deliver benefits to local communities.
- Tackling economic imbalances and driving growth in all areas of the country is not a simple project. It can neither remain a static document nor be driven top-down from Whitehall, but should reflect the geographic and economic diversity of Britain.
- If we are to have a successful, modern and globally competitive economy, one which enables everyone to succeed, it is essential that the industrial strategy recognises the strengths and opportunities that each area brings and the vital contribution of local government.
- Council leaders are committed to working with business leaders to boost productivity and growth. If we are to play a full part, we quickly need to develop a national regional aid scheme to replace all existing EU regeneration funding and a devolved approach to skills and infrastructure that ensures that every local economy and individual has the potential to

Briefing

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prosper.

- The new skills initiatives - including the advisory panels and national retraining programme – are an important step in addressing our skills challenges, but they will only work if they are planned and coordinated locally and aligned with other initiatives to target training of the current and future workforce. We urge the Government to work with us and councils on implementing our Work Local proposals so that the whole skills system can be made coherent for local people and more effective for local businesses.
- Councils have a unique understanding of their local economies, with ownership over the key levers of local growth, including strategic infrastructure planning, land use planning and strong sub-regional partnerships with business and other public sector leaders. This gives them an important leadership role in developing local industrial strategies. In order to see prosperity across the country all areas need to be able to draw on the right powers and adequate funding to deliver successful and inclusive economies.
- The review of LEPs is an important opportunity to secure an even stronger partnership between business and public sector leaders, and the basis for new devolution deals. In order to ensure the right balance of powers, funding and support across Whitehall, it is essential that councils across the country play a full part in the review. LEPs are local partnerships, and growth strategies will rely on the strength and quality of local leadership. They will fail without the involvement of councils.
- It is encouraging to see the White Paper state that investment decisions need to be more geographically balanced and include more local voices. There needs to be greater recognition of councils' wide role in boosting productivity that ranges from civic leadership and plan-making to local infrastructure and public health.

Ideas

In order to be the world's most innovative economy, the White Paper sets out the Government's strategy to:

- Reach 2.4 per cent of GDP investment in Research and Development by 2027 and to reach 3 per cent of GDP in the longer term, working with industry in the coming months to develop a roadmap for meeting this target.
- Invest a further £725 million in a second wave of the Industrial Strategy Challenge Fund.

- Run a third wave of the Industrial Strategy Challenge Fund programme next year.
- Improve public procurement as an important source of finance for innovative businesses that does not dilute their equity and gives an endorsement for others to invest.
- Create UK Research and Innovation, which will bring together the seven research councils, Innovate UK and the funding element of the Higher Education Funding Council for England.
- Ask UK Research and Innovation to develop a new Knowledge Exchange Framework.
- Increase funding that supports universities and businesses working together to innovate and commercialise research.
- Build on the Science and Innovation Audits and launch a new competitive £115 million Strength in Places Fund to support areas to build on their science and innovation strengths and develop stronger local networks.
- Notes that the UK has signalled a desire to seek a far-reaching science and innovation agreement with the EU that establishes a framework for future cooperation, including possible options for our future involvement in the EU framework programme. The Government has also set out a 'Grand Challenge' on Ageing Society – to use innovation to help meet the needs of an ageing society.

LGA view:

- Councils, working with their LEPs will have already identified priority areas for science, research and innovation in their local economies, very often in strategic economic plans developed by LEPs. In order to maximise the outcomes for tax-payers it is important that the Industrial Strategy Challenge Fund and central government's efforts to strengthen research and innovation in local areas builds on local knowledge, existing initiatives and local networks of support that already exist.
- Councils in England spend over £55 billion per year on procurement of goods, works and services.¹ They recognise the need to take a strategic approach to how we commission major public services that affect the lives of millions of local people, and how we manage the suppliers with whom we contract.
- Local government remains committed to improving our performance in procurement, to encourage innovation and get better value from our

¹ <https://www.local.gov.uk/about/news/lga-simplify-eu-rules-over-how-councils-buy-goods-and-services-after-brexite>

biggest suppliers, and to further streamline our processes for small and medium-sized enterprises (SMEs).

- After the UK leaves the EU, there is an opportunity to introduce a streamlined public procurement regime which benefits local areas. A lighter-touch system which simplifies existing processes, and provides more flexibilities to promote local growth, is needed so that councils can procure to shorter timescales and lower administration costs for businesses, especially SMEs.
- The Industrial Strategy Challenge Fund will support collaborative programmes based on research and innovation excellence in places right across the UK. These can demonstrate a strong impact on local productivity and enhance collaboration between universities, research organisations, businesses, local government and LEPs in England and the relevant agencies in the devolved nations.
- The importance of collaboration between universities, local government and businesses has been evidenced in the successful Leading Places programme led by the LGA, Higher Education Funding Council for England and Universities UK². Therefore, the White Paper's commitment to invest in this form of local collaboration through the Strength in Places Fund is encouraging.
- While economic growth is a key area for collaboration between local institutions, the Government should also consider how the industrial strategy can foster and support collaboration between local institutions on public service reform.
- Aspects of the scientific and research and development industries depend greatly on EU funding and the free movement of highly skilled people. In securing the future of such industries it is vital that Government engages with places that face such uncertainty, giving them the tools and responsibility to help manage these challenges and make the most of new opportunities.
- The Government has set out ambitious plans using innovation to support an ageing society. However, unless funding for social care is secured for the long-term, the country will not have a care system that's fit for purpose. Demographic pressures will add to the demands on councils, and in particular social care services, which nationally face a funding gap of £2.3 billion by 2020, (inclusive of the pre-existing £1.3 billion funding pressure to stabilise the provider market).
- Therefore, the Government should make strong links with the forthcoming social care Green Paper. Local government needs to be closely involved and a cross-party consensus found on a way forward. Social care and support has a strong tradition of being innovative and embracing new

² <https://www.local.gov.uk/topics/devolution/leading-places>

technology and the Government should work closely with councils on this agenda.

- Innovating in this way is crucial in terms of prevention and early intervention – helping to reduce demand on the NHS and on more intensive and costly social care. But again, this is an agenda which needs to be adequately funded.

People

The Industrial Strategy White Paper has set out plans to:

- Create a new National Retaining Scheme that supports people to reskill, beginning with a £64 million investment for digital and construction training.
- Work with employers on how the Apprenticeships Levy can be spent.
- Establish Skills Advisory Panels (SAPs) to inform the analysis into local industrial strategies to be rolled out shortly and integrated into Mayoral Combined Authorities (MCAs) and LEPs.
- Publish a comprehensive careers strategy to improve the quality and coverage of careers advice for people of all ages.
- Defer devolution of the Adult Education Budget (AEB) to mayoral areas to 2019.
- Establish a technical education system that rivals the best in the world and create Institutes of Technology across all regions to deliver higher technical levels and promote Digital Skills Partnerships.

LGA view:

- Urgent action is required to solve our growing skills crisis. By 2024, we will have four million too few high skilled workers and eight million too many intermediate and low skilled workers to fill the jobs the national economy will generate.³ Failure to address this puts at risk up to 4 per cent of future economic growth – equivalent to a loss of £90 billion economic output, which would make the average worker £1,000 a year worse off.⁴
- The areas with AEB 2018 devolution contained in their deals have to date put in a tremendous amount of work to meet the Government's readiness criteria so it is disappointing that AEB devolution is delayed. Now that the Government has confirmed in the industrial strategy that the new revised

³ [Work Local](#), LGA, July 2017

⁴ [Work Local](#), LGA, July 2017

date for AEB devolution is 2019, we trust it will commit to it and work closely with those areas to make this happen.

- Our skills crisis is partly due to a succession of top down Whitehall initiatives which have failed to address local needs. This has created a confusing patchwork of £10.5 billion skills and employment funding scattered across 20 different national schemes.⁵
- The Government has put people and place at the heart of the industrial strategy, and the importance of skills is clear throughout the document. This is welcome, but for the industrial strategy to be a success, all local areas need greater freedom and funding from central government to equip people with the skills they need to compete for jobs.
- New national initiatives outlined in the Industrial Strategy White Paper, such as skills advisory panels, technical levels, and a national retraining programme, seek to address the growing skills crisis. These schemes will only work if they are planned and coordinated locally to target training of the current and future workforce.

Work Local

- We need a high performing and well-coordinated employment and skills system which is responsive to the needs of employers and local areas if we are to address skills gaps and shortage by investing adequately in, and targeting retraining and upskilling support of the current workforce and ensuring young people are trained for current and future jobs.
- We urge the Government to work with councils so that the whole skills system can be made coherent for local people and more effective for local businesses. Only then will we be able to make the most of valuable public resources and produce the current and future workforce we need. The LGA has argued that a devolved skills and employment system, coordinated by councils and local partners, would be quicker at addressing the unique skills and jobs challenges to every area than central government-run initiatives.
- Work Local is the LGA's positive proposal for change.⁶ Led by combined authorities and groups of councils, in partnership with local stakeholders, the LGA proposes that Work Local areas will plan, commission and have oversight of a joined-up service. This will bring together advice and guidance, employment support, skills, apprenticeship and business support around place for individuals and employers, providing a coherent offer for the unemployed and low skilled, and forging links between training employers and providers.

⁵ [Work Local](#), LGA, July 2017

⁶ Work Local, LGA, July 2017

- This would be set within a common national framework for devolution of financial control, strategy and delivery, governed by five-year 'local labour market agreements' between central government and each local area. Analysis by the Learning and Work Institute (L&W) reveals that across a medium sized combined authority, Work Local could each year result in 8,500 more people in work, 6,000 people increasing their skills, additional fiscal benefits of £280 million and a benefit to the economy of £420 million.

National Retraining Scheme

- A new National Retraining Scheme led by the CBI and TUC is welcome, as is its initial focus on key sectors with skills challenges: construction and the digital sector. Reskilling and upskilling those already in the workforce so they are equipped with the skills for the future is critical.
- However, it must work for people and places up and down the country to ensure local skills supply matches employer demand. We urge the Government to broaden this partnership and work with the LGA and councils, as well as with LEPs, so that local labour market intelligence can help anticipate where action will be required across local areas. Innovative learning from the careers pilots will be important in the design of the new scheme.

Apprenticeship Levy

- Any review of the Apprenticeship Levy must enable local areas to pool Levy contributions and have the ability to use these contributions, so provision can be planned and targeted more effectively across places. We stand ready to work with the Government on the detail of this.

Skills advisory panels

- The introduction of the skills advisory panels are welcome and an acknowledgment of the critical role of local intelligence in skills supply and demand. We now look to work with Whitehall to understand how this intelligence will inform the commissioning of skills funding which must be designed and planned locally.
- We look forward to the detail of the long-awaited comprehensive careers strategy. Currently, careers provision is complex, patchy and fragmented. This strategy must seek to improve this. The LGA has called on the Government to use the strategy to develop a coherent, all-age, locally commissioned careers service funded by central government.

Infrastructure

In order to provide a major upgrade to the UK's infrastructure the Industrial Strategy White Paper sets out the Government's plans to:

- Invest in ways that support all the objectives of the industrial strategy: increasing innovation, developing skills, growing business, and driving productivity and earning power in urban and rural places across the UK.
- Take greater account of disparities in productivity and economic opportunity between different places, ensuring our investments drive growth across all regions of the UK.
- Invest to increase UK competitiveness in relation to long-term global economic changes, such as the shift to clean growth. These will be positive choices that enable the UK economy to flourish in the context of these transformational changes.
- Increase the National Productivity Investment Fund to £31 billion, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles through £400 million charging infrastructure investment and an extra £100 million to extend the plug-in car grant.
- Boost digital infrastructure with over £1 billion of public investment, including £176 million for 5G and £200 million for local areas to encourage roll out of full-fibre networks.
- Undertake a review of the telecoms market to understand businesses' incentives for investment in new digital infrastructure.
- Publish a Statement of Strategic Priorities next year setting out our objectives in relation to the widespread availability of fixed and mobile connectivity.
- The White Paper also highlighted an additional £385 million for investments in digital infrastructure announced at Autumn Budget 2017, taking total investment from the National Productivity Investment Fund to £740 million.

LGA view:

Local Infrastructure

- The industrial strategy identifies that long-term funding certainty is the best way to plan infrastructure investment. It highlights the certainty that has been given to the strategic road network and network rail. Too much funding for local infrastructure remains reliant on short-term and competitive bidding processes in order to fund upgrades. For example, local roads account for 97 per cent of roads in England but they do not have funding certainty.
- Encouraging steps have been taken to provide greater flexibility through the Transforming Cities Fund which has allocated funding directly to Mayoral Combined Authorities. To realise the ambitions of the strategy

more funding has to be allocated in this way to authorities across the country.

- Significant financial investment into the strategic roads network risks being counterproductive if the local roads that connect the strategic network are not operating efficiently. It is estimated that there is currently a £12 billion maintenance backlog on the local road network.⁷
- Ensuring that the current network is well-maintained and kept in a good condition should be just as much a priority as building new roads. The Major Roads Network has the potential to help by providing additional funding for local roads. However it is important that this funding is provided on a predictable and consistent basis to local authorities and that local authorities are given flexibility to use the funding for maintaining the capacity of the existing network as well as providing new and extended capacity.
- It is important to invest in public transport infrastructure which can help reduce air pollution. The LGA is working with the Government on clean air zones and the announcements of the implementation fund for the Clean Air Plan and the Clean Air Fund will provide a boost to local resources to tackle air quality hot spots. It is important that these investments are easily accessible for affected authorities and accompanied by robust national action on transitioning to low emission vehicles.
- The industrial strategy correctly identifies steps taken to provide an ongoing pipeline of work to allow infrastructure contractors to make investments in plant, employees and innovation confident that work will be available to ensure there is a return on investment. However, it is important to recognise significant amounts of work for contractors of all sorts comes from the annual programmes and maintenance and renewals on local roads infrastructure. Local authorities have little certainty over their funding levels year to year and this means it is difficult to provide certainty. Ensuring that funding certainty exists at all levels of infrastructure delivery will be crucial for maximising the benefits of the strategy.
- The LGA has called for the discretion to introduce a workplace parking levy, full implementation of the powers in Part 6 of the Traffic Management Act, and lane rental powers for street works. These relatively simple steps could achieve reductions in congestion without the need for large infrastructure investments.

Housing

- Increased housing supply is a national ambition shared by local government and is central to the country's future economic wellbeing. Our national housing shortage is one of the most pressing issues we face. The

⁷ <https://www.local.gov.uk/about/news/lga-responds-aa-report-roads-funding>

last time this country built more than 250,000 homes a year, councils built more than 40 per cent of them. If we are to get back to building 300,000 homes a year, then the Government needs to ensure councils in all areas of the country are given greater freedom to borrow to build new homes. For reference last year there were 217,350 net additions, including 183,570 new build homes.⁸

- Housebuilding by councils at scale would boost local economies and productivity, it would reduce housing benefit spending and homelessness, put Right to Buy on a sustainable footing, and create revenue generating assets for communities.
- New homes must be accompanied by the necessary infrastructure and services, which support strong and healthy communities. Devolving housing and infrastructure funds would help by enabling councils to join up investments that more effectively target unmet demand.

Electric charging infrastructure

- An additional £400 million for electric vehicle infrastructure should help accelerate the take-up of electric vehicles. Councils want to assist the Government in building a greener economy and the provision of infrastructure will require a partnership of central government, local government and the private sector. We are seeking clarity on how the infrastructure required to support electric vehicles will be put in place, and who will maintain it.
- Local government does not currently provide the infrastructure to fuel cars and whilst councils assist by clearing practical barriers to help the market mature we need to be sure that there is a sustainable business model for how this technology will operate. If the Government is going to meet its target of no new cars sold with conventional petrol or diesel engines by 2040 we will need a step change in the take up of electric vehicles and a clear plan how this will happen.

Digital

- Extending excellent digital coverage across the country is key to ensuring all residents and businesses have access to 21st century digital connectivity. While investment in 5G technology is welcome, many outside our larger cities currently struggle to access 4G or even 3G technology. Non-metropolitan areas have a vital role to play in driving the growth of our economy but are being held back by poor connectivity.
- We encourage the Government to fund trials of 5G in rural areas, to better understand how it could work in rural areas and determine its potential to

⁸ DCLG Live tables on house building: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

improve broadband and mobile coverage to the benefit of residents, businesses and crucial services like remote healthcare.

- Local government is committed to exploring with the mobile industry, regulators and central government how best to ensure residents across the country can benefit from public investment in new technology, wherever they live. Councils already actively facilitate the deployment of digital infrastructure working with LEPs and communities to find the best locations for new mobile infrastructure masts and many are proactively working with mobile operators to explore how coverage can be improved.
- In order for councils to have more meaningful discussions with mobile operators, the sector must be supported by the Government, with local funding to pilot new local models for facilitating the deployment of these networks, and support from Ofcom, with much more accurate local coverage reports that reflect consumer mobile experience on the ground.
- The provision of full fibre connectivity across the country will be a vital to ensure residents have access to fast and reliable connectivity. We are pleased local areas will be able to access funding to help catalyse the market to extend coverage. For those residents who won't be reached by full fibre connectivity for some time, the LGA has called for the Government to be more ambitious on the proposed speeds and scope of the Broadband Universal Service Obligation. A proposal that only aims to provide a guaranteed minimum download speed of 10Mbps to those it reaches and leaves approximately 60,000 premises unserved cannot be the limit of the Government's ambition.

Business Environment

In order for the UK to be the best place to start and grow a business the Industrial Strategy White Paper sets out the Government's plans to:

- Launch and roll-out Sector Deals – partnerships between the Government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector.
- Drive over £20 billion of investment in innovative and high potential businesses, including through establishing a new £2.5 billion Investment Fund, incubated in the British Business Bank.
- A review of what actions could be most effective in improving productivity of SMEs, including how to address the 'long tail' of less productive businesses.
- Support businesses to access international markets, driving up exports by: working with business to undertake a review of export strategy, reporting in spring 2018. The review, as well as the GREAT Britain campaign, will

ensure the Government has the right financial, practical and promotional support in place for new and existing exporters to sell overseas.

- Establish a network of nine UK Trade Commissioners, each developing a regional trade plan covering export, promotion, investment and trade policy.

LGA view:

- The White Paper announces several sector deals between the Government and industry to tackle sector specific issues and create opportunities to boost productivity, employment, innovation and skills. Councils and LEPs throughout the country are already engaged in supporting specific industries that are of strategic importance to their areas. It will be important therefore that sector deals build on existing engagement, relationships and support.
- The LGA's recent People, Culture, Place publication (with the Chief Cultural & Leisure Officers Association) set out the important role of culture in place-making,⁹ so it is positive that the industrial strategy recognises that investment in culture, sport and heritage can contribute to good economic and social outcomes. We hope that the industrial strategy will deliver on its ambitions to create attractive places where people want to live and businesses to operate, complementing the existing work of councils and enabling them to go further, and faster.
- In particular, the White Paper provides more detail on the Cultural Development Fund announced in the Budget on 22 November, which will provide investment to culture and the creative industries with the aim of boosting regeneration and local growth. The LGA called for this fund to be aligned with the industrial strategy and is pleased that Government has listened to this call from us and partners. However, while the fund is helpful, further funding is needed to make a genuine difference in creating culture-led, place-based development in communities.
- Although the Government has not yet responded to the tourism industry's bid for a sector deal, there is a clear recognition of the sector's contribution (£126.9 billion) to a thriving economy and ability to project soft-power in the industrial strategy. The tourism sector and visitor economy is a growing industry and is a success story of which we can be proud.
- It is also a sector that will need to respond to particular aspects of the consequences of leaving the EU, and we believe that it is right the sector is given the support and attention offered by a sector deal.
- Councils have recognised the value of tourism and make a vital contribution towards supporting the visitor economy – both domestic and international. This includes spending £70 million per year on business

⁹ <https://www.local.gov.uk/people-culture-place-role-culture-placemaking>

support, visitor information and destination marketing, and £2.6 billion every year on culture, heritage and supporting major cultural, conference and sporting events.¹⁰ We encourage the Government to look carefully at the bid and are ready to work with the Government and industry to realise its potential.

- The LGA welcomes the Government's review of the UK's export strategy as an opportunity to do things differently. Whilst there are positive relationships between national and local agencies providing export support to business, there is still a need to further refine the offer and create flexibility in the system to tailor more to local needs. A new approach must better utilise the expertise of local authorities and further embed stronger place-based approaches to trade and investment that integrate support at a local level.

Places

In order to have prosperous communities throughout the UK the Industrial Strategy White Paper sets out the Government's plans to:

- Work in partnership with places to develop local industrial strategies, which will be developed locally and agreed with the Government. These strategies will help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. They will guide the use of local funding streams and any spending from national schemes.
- Agree the first local industrial strategies by March 2019 – places in England with a Mayoral Combined Authority will have a single strategy led by the mayor and supported by LEPs. For parts of the country without a mayor, the development of the strategy will be led by the LEP.
- Make available to Mayoral Combined Authorities a £12 million fund for 2018/19 and 2019/20 to boost the new mayors' capacity and resources.
- Confirm a second devolution deal with the West Midlands Combined Authority, announce that Greater Manchester will work in partnership with the Government to develop a Local Industrial Strategy and that the Government has agreed a 'minded to' devolution deal with the North of Tyne authorities, subject to the consent of local partners.
- Establish a biannual Council of Local Enterprise Partnership Chairs chaired by the Prime Minister to inform national policy decisions.
- Review the roles and responsibilities of LEPs and bring forward reforms to leadership, governance, accountability, financial reporting and geographic boundaries.

¹⁰ Department for Communities and Local Government statistics, February 2016, www.gov.uk/government/statisticaldata-sets/local-authority-revenue-expenditure-andfinancingengland-2014-to-2015-individual-local-authority-data-outturn

- Work with LEPs to set out a more clearly defined set of objectives and activities in early 2018.
- Agree and implement appropriate structures for holding LEPs to account.
- Work with LEPs to review overlapping geographies and ensure people are clear as to who is responsible for driving growth in their area.
- Make additional financial resources available to LEPs that demonstrate ambitious levels of reform following the review.
- Consider agreeing approaches with towns on how the Government, local councils, LEPs and businesses can work together to deliver growth in that area.
- Ensure that local areas continue to receive flexible funding for their local needs.
- Following the UK's departure from the EU, launch the UK Shared Prosperity Fund, consulting on the precise design and priorities for the fund next year.

LGA view:

Local leadership

- The White Paper's recognition of the crucial role of place is encouraging. If we are to have a successful modern and globally competitive economy, which enables everyone to succeed, it is essential that the industrial strategy recognises the strengths and opportunities that each area brings and the vital contribution of local government.
- We welcome the strong focus on place as one of the five foundations of productivity and the building block of local industrial strategies. We are committed to working with business, LEPs and partners to develop ambitious strategies, many of which will need devolved powers and budgets in order to deliver benefits to local communities.
- Local industrial strategies provide a fresh opportunity for the Government, business leaders, universities and local councils to forge new, powerful relationships with each other, for the benefit of local residents, as well as underlining the need for new devolution deals across the country.
- The announcement of the first new devolution deals in nearly two years is encouraging and will benefit those living in the North of Tyne region and the West Midlands. Many more such deals are required to allay the growing sense of stalled progress and missed opportunities across much of the country.

- The longer it takes to secure new devolution deals, the longer communities will have to wait to benefit from the opportunities currently available to areas where devolution has taken place. These include having greater powers and funding to improve local transport, housing, health and social care and to equip local people with the skills they need to secure employment and prosper.
- For those areas without deals there is now the risk that these areas will be left behind, with councils unable to play an adequate leadership role in the development and delivery of their local industrial strategy. This is now a significant challenge that risks undermining the Government's ambition to bring prosperity and productivity to all parts of the country.
- The Government needs to engage in an honest and open debate about the best form of governance able to foster thriving local economies across the country, including non-metropolitan areas, to ensure that opportunities for inclusive growth are not lost. This would be aided by providing further detail on the proposal for a common devolution framework as soon as possible.
- Across the country, council leaders are committed to working with business leaders to boost productivity and growth. The White Paper's proposal to take a differential approach to the leadership of local industrial strategies – with metro mayors taking centre stage in Mayoral Combined Authority areas and leadership provided by local enterprise partnerships in the rest of the country – places a renewed emphasis on the potential economic consequences of such a focus.
- Local industrial strategies need the leadership of local government. They will fail without it. For areas outside of Mayoral Combined Authorities, councils need to feel confident that their contribution is recognised. Without that, local industrial strategies will not work.
- Driving inclusive growth and the push towards productivity requires a combination of factors: funding at a local level to support targeted investment, the buy-in of Whitehall departments so interventions at the national level share a common goal; and, crucially the ability to ensure policy interventions in areas such as skills and employment support are focused on meeting local needs.
- The review of LEPs is an important opportunity to secure an even stronger partnership between business and public sector leaders. The Government has recognised the potential for reform and as key partners in the drive for inclusive growth, councils keen to play an active role in this process. LEPs are local partnerships and growth strategies will rely on the strength and quality of local leadership. They will fail without the involvement of councils.

- Critically, the review must serve to support inclusive growth in all places. It is essential that councils from both metropolitan and non-metropolitan areas play a full part in the review and explicit consideration be given to ensuring the ambitions of local leaders for prosperity and productivity outside the Mayoral Combined Authorities can be supported both financially and through access to the powers over transport, skills and housing, that all places need to thrive.
- The proposal to establish a biannual Council of Local Enterprise Partnership Chairs is a recognisable attempt to bring the experience of business into the development of economic development strategy. This approach needs the local economic expertise, relationships and intelligence of councils.
- Additional funding to support the capacity of all the newly elected combined authority mayors is encouraging and will strengthen their ability to develop innovative approaches to inclusive growth and improved public services in their areas.

The Right Economic Geography

- The prospect of new town deals has the potential to reverse the impression that the process of devolution has stalled. Local leaders are ambitious for their communities and want to make the most of local opportunities, but must have the buy-in of central government for plans to succeed.
- Councils are uniquely placed in understanding the needs of their communities and local economies. Therefore, councils and local areas need public funding and investment to be flexible, with minimum central government prescription and rules, and with maximum certainty. LGA research shows that more than £23 billion of public money is spent on growth, regeneration and skills which is spread across 70 different national funding streams and managed by 22 government departments and agencies. Too much central government funding remains subject to competition.¹¹
- This creates uncertainty, confusion, wastes public money and creates unnecessary delays in getting projects off the ground. It also inhibits councils' efforts to lever in private sector investment. The Government needs to consolidate and devolve funding and responsibility to local areas to enable councils and businesses to work together to help create sustainable, cohesive and successful communities in all parts of the country.

¹¹ The LGA commissioned independent research that identified a proliferation of numerous non-place based funding streams, managed by different Whitehall departments and agencies, many of which are subject to competitive process, create greater uncertainty, wasted bureaucracy and poor value-for-money (LGA / Shared Intelligence, 2014), (LGA / Shared Intelligence, 2016)

UK Shared Prosperity Fund

- We have urged the Government to provide additional detail on how it intends to implement its manifesto commitment to provide a UK Shared Prosperity Fund (UKSPF) to replace the EU funding for local areas when the UK leaves the EU. We were disappointed that the Budget on 22 November lacked any detail on how, or when, the UKSPF will be administered or allocated. Most importantly, there has been no clarification on the overall quantum of funding. Time is now running out to effectively design and implement an orderly and smooth transition for local areas.
- A £8.4 billion UK-wide funding gap for local communities would immediately open up from the point we officially exited the EU, unless a viable domestic successor to EU funding is in place. To help ensure we have an economy fit for the future, it is essential that this funding to local areas is fully replaced as part of a locally-led successor to EU regional aid.
- EU funding has been utilised by local authorities, LEPs, businesses and the community and voluntary sector to support local level growth plans. It is a vital source of revenue and capital funding and has supported thousands of beneficiaries through schemes to create jobs, support small and medium enterprises, deliver skills, build infrastructure and boost local growth in all types of areas across the country. We urgently call on the Government to confirm that this quantum of successor money is now in place. This will allow local government to effectively plan before the UK exits the EU.
- We repeat our offer to support central government to develop an effective domestic successor programme which gives local areas far greater say over how money is spent, and enables them to deliver the ambitions of the industrial strategy.

The Autumn Budget 2017

Purpose of report

For discussion.

Summary

This report and its appendix provide commentary on the measures set out in the Autumn Budget Statement by the Chancellor on 22 November 2017.

Recommendations

That the Environment, Economy, Housing and Transport Board examines and comments on the implications of the Budget Statement for the Local Government as it relates to its remit.

Action

Officers will take action as directed by the Board.

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The Autumn Budget 2017

Background

1. The Chancellor's autumn budget statement took place on the 22 November 2017. The LGA produced an on the day briefing which commented on the main measures in the statement. The briefing is attached in **Appendix A**.

Issues

2. Housing and planning featured heavily in the statement. Our commentary on the housing and planning measures are replicated here. The paragraph numbers relate to the Budget Book which can be found here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661480/autumn_budget_2017_web.pdf

Planning for more housing

The Chancellor announced:

3. The Government will consult on strengthening policy to be clear that allocated land should be taken out of a plan if there is no prospect of a planning application being made. (Page 60, Paragraph 5.7)
4. DCLG has begun the formal process of considering intervention in 15 areas where the local authority has failed to put an up-to-date plan in place. The Government will shortly activate powers that will enable it to direct local planning authorities to produce joint statutory plans and undertake an assessment of where they should be used. (Page 60, Paragraph 5.8)
5. The Government will consult on a new policy whereby local authorities will be expected to permission land outside their plan on the condition that a high proportion of the homes are offered for discounted sale for first-time buyers, or for affordable rent. This will exclude land in the Green Belt. (Page 60, Paragraph 5.9)

The Government will consult on introducing:

6. Minimum densities for housing development in city centres and around transport hubs, with greater support for the use of compulsory purchase powers for site assembly.
7. Policy changes to support the conversion of empty space above high street shops.
8. Policy changes to make it easier to convert retail and employment land into housing.

9. A permitted development right to allow commercial buildings to be demolished and replaced with homes (*Page 60, Paragraph 5.10*)

LGA view:

10. Councils want to deliver the right kind of homes, supported by infrastructure. As the Chancellor highlighted in his speech, councils are playing their part – approving nine out of 10 planning permissions. The Government has placed significant emphasis on councils having a Local Plan, which councils go to great lengths to develop with their local communities and partners.
11. It is disappointing that the Government is then simultaneously looking to consult on a series of policies that undermine the local planning process. For example, the proposal that councils will be expected to give permission to build on land outside of the local plan if most homes are offered for discounted sale for first-time buyers means that councils are being asked to produce a plan and then being made to ignore that very plan.
12. It is important that the local planning process is responsive to local communities within the National Planning Policy Framework, which sets out a national policy enabling places to build new homes. Some councils are frustrated that the Government has delayed the implementation of their agreed local plans.
13. Local authorities should be able to develop a locally responsive mix of housing tenure that works towards supporting home ownership. Councils need to be able to determine the number of first-time buyer homes built locally, alongside affordable homes for rent, which will be critical for ensuring new housing meets the needs of communities.
14. We oppose a new permitted development right to allow commercial buildings to be demolished and replaced with homes. This risks a number of unintended consequences, as illustrated through the existing permitted development right allowing change of use from office and commercial use to residential use. This includes a reduction in viable office space, housing that does not meet housing need and a reduction in the provision of affordable housing and local infrastructure.

Ensuring that planning permissions are built out faster

The Chancellor announced:

15. The Government will consult on:
 - 15.1. Strengthening the Housing Delivery Test: With tougher consequences where planned homes are not being built, by setting the threshold at which the presumption in favour of development applies at 75 per cent of housing delivery by 2020.

- 15.2. Expecting local authorities to bring forward 20 per cent of their housing supply as small sites: This will speed up the building of new homes and supports the Government's wider ambition to increase competition in the house building market.
- 15.3. Speeding up the development process by removing the exemptions from the deemed discharge rules. This will get builders on site more quickly, ensuring that development is not held back by delays in discharging planning conditions. (*Page 61, Paragraph 5.11*)
- 15.4. The Government will set up a review panel to explain the significant gap between housing completions and the amount of land allocated or permissioned, and make recommendations for closing it. (*Page 61, Paragraph 5.12*)
- 15.5. The Government will develop a central register of residential planning permissions from local authorities to improve information on where permissions are held and progress towards them being built out. (*Page 61, Paragraph 5.13*)

LGA view:

- 16. We have consistently called for new powers to ensure sites with planning permission are built out more quickly. It is welcome to see the Government focus on this issue, and we look forward to contributing to the build-out review.
- 17. Local planning authorities are committed to building homes where they are needed but do not have all the planning powers to actually ensure it happens when planning permission is granted. Councils need to be given financial tools to ensure that sites with planning permission get built within a reasonable time frame, such as the ability to charge council tax on unbuilt homes in these situations. It is not appropriate to implement a strengthened delivery test on councils when they do not have the powers to ensure the delivery of those homes.
- 18. As with all performance measures, it will be crucial that the drive to meet the requirements of a delivery test does not lead to unintended consequences. There is a risk that a simplistic focus on increasing supply, above all other factors, could result in housing that does not meet local need, or that are not supported by the necessary infrastructure or access to services. This would undermine community confidence in the local plan-led system.
- 19. Councils recognise the importance that small sites can play in helping to meet local need for housing and helping stimulate the SME building industry. This will be crucial to increasing supply over the medium term. Councils will need to consider the cumulative

impact of small sites coming forward alongside other sites on the capacity of local supporting infrastructure.

Developer contributions

The Chancellor announced:

20. The Government will consult on:

- 20.1. Removing restriction of Section 106 pooling towards a single piece of infrastructure where the local authority has adopted the Community Infrastructure Levy (CIL), in certain circumstances such as where the authority is in a low viability area or where significant development is planned on several large strategic sites.
- 20.2. Speeding up the process of setting and revising CIL to make it easier to respond to changes to the market.
- 20.3. Allowing authorities to set rates which better reflect the uplift in land values between a proposed and existing use.
- 20.4. Changing indexation of CIL rates to house price inflation, rather than build costs. This will reduce the need for authorities to revise charging schedules. This will ensure CIL rates keep up with general housing price inflation and if prices fall, rates will fall too, avoiding viability issues.
- 20.5. Giving Combined Authorities and planning joint committees with statutory plan-making functions the option to levy a Strategic Infrastructure Tariff (SIT) in future. (*Page 62, Paragraph 5.14*)

LGA view:

- 21. We have long called for the process of setting up and revising CIL to be streamlined and for restrictions on section 106 pooling to be lifted. We have also called for measures to allow councils to capture a greater proportion of land value uplifts from the granting of planning permission.
- 22. However, it is important to note that whilst the CIL is one tool available to councils to raise funding for infrastructure, it does not and cannot meet the whole infrastructure needs of an area.

The proposals also miss an opportunity to make other reforms to CIL to make it a more effective tool for raising funds for infrastructure, as proposed by the CIL review. This

includes the removal of national exemptions from CIL and capacity for local authority borrowing against future CIL receipts.

23. All local areas should be able to benefit from the opportunity to levy a Strategic Infrastructure Tariff.

Housing Revenue Account

The Chancellor announced:

24. A lift of Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. Local authorities will be invited to bid for increases in their caps from 2019/20, up to a total of £1 billion by the end of 2021/22. The Government will monitor how authorities respond to this opportunity, and consider whether any further action is needed (*Page 63, Paragraph 5.23*)
25. The Government will proceed with a £200 million large-scale regional pilot of the Right to Buy for housing association tenants in the Midlands. (*Page 64, Paragraph 5.32*)

LGA view:

26. It is encouraging to see that a number of local areas will be able to receive additional borrowing headroom to deliver more housing, responding to our case for enabling greater building by councils.
27. We face a national housing crisis which impacts on different places in different ways, so it is important all councils have the levers to deliver vital affordable housing for their communities. The last time the country built over 250,000 homes was in the 1970s, when councils built 40 per cent of them.
28. Housebuilding by councils at scale would boost local economies and productivity, it would reduce housing benefit spending and homelessness, put Right to Buy on a sustainable footing, and create revenue generating assets for communities. The Government should be bold in sparking a renaissance in house building by councils by removing Housing Revenue Accounts from contributing towards public sector debt.
29. The Government's commitment to continue with the extension of the Right to Buy pilots for housing association tenants must not be funded by forcing councils to sell their council homes. We would welcome commitment as soon as possible that this is the case. Clarification on this point would remove uncertainty, allowing councils to get on and build.

Investment in housing and infrastructure

The Chancellor announced:

30. The Government will invest further in infrastructure through the National Productivity Infrastructure Fund to support new housing in high-demand areas. The Budget commits a further £2.7 billion to the competitively allocated Housing Infrastructure Fund (HIF) in England. This takes the total investment in the HIF to £5 billion. *(Page 62, Paragraph 5.18)*
31. The Government will provide £1.1 billion for a new Land Assembly Fund, funded from the National Productivity Infrastructure Fund. The new fund will enable Homes England to work alongside private developers to develop strategic sites, including new settlements and urban regeneration schemes. *(Page 62, Paragraph 5.16)*
32. The Government will provide a further £630 million through the National Productivity Infrastructure Fund to accelerate the building of homes on small, stalled sites, by funding on-site infrastructure and land remediation. *(Page 62, Paragraph 5.20)*
33. A further £1.5 billion for the Home Building Fund, providing loans specifically targeted at supporting SMEs who cannot access the finance they need to build. *(Page 62, Paragraph 5.21)*
34. A confirmation of the further £2 billion of funding for affordable housing announced in October, including funding for social rented homes. This takes the total budget for the Affordable Homes Programme from £7.1 billion to £9.1 billion to 2020/21. It is expected that this will provide at least 25,000 new affordable homes. *(Page 63, Paragraph 5.23)*
35. £400 million of loan funding for estate regeneration to transform run-down neighbourhoods and provide new homes in high-demand areas. *(Page 63, Paragraph 5.24)*

LGA view:

36. It is positive to see further Government investment in building new homes. The doubling of the Housing Infrastructure Fund is particularly welcome, as the first block of funding was significantly over-subscribed due to the appetite from local government to access it to build homes. Similarly, investment in the Affordable Homes Programme, land assembly, supporting SMES and estate regeneration all reflect asks that the LGA has made in its Housing Commission.
37. We look forward to working with the Government on the details. It is critical that all councils in all parts of the country have a leading role in shaping this investment to

ensure that new housing and infrastructure meets the needs of the local communities they represent.

38. However it is also clear that the Government is taking a decision to invest a much greater proportion of funding through different national programmes for private developers than in supporting councils to build more affordable homes. The only way to build more homes that communities can afford is by enabling a significant increase in building by councils, which have housing and homelessness duties.

Homelessness

The Chancellor announced:

39. The launch of the Homelessness Reduction Taskforce (*Page 64, Paragraph 5.33*)
40. Investment of £28 million in three Housing First pilots in Manchester, Liverpool and the West Midlands, to support rough sleepers with the most complex needs to turn their lives around. (*Page 64, Paragraph 5.34*)
41. £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector. (*Page 64, Paragraph 5.35*)

LGA view:

42. Homelessness is increasing as housing becomes less affordable due to rising rents and reduced welfare assistance. These measures are welcome, but do not go far enough in tackling the underlying issues. Looking ahead, it is crucial that the Government continue to adapt the implementation of welfare reforms to reduce the risk of homelessness. This should include lifting the Local Housing Allowance freeze and removing temporary accommodation from Universal Credit.
43. Councils will want to see the detail of the private rented access schemes and ensure that they have a role in deciding how they are used. Councils have the housing and homelessness duties, including new duties in the Homelessness Reduction Act. They must therefore have the lead role in accessing funding so that it is targeted at local landlords to provide as many accommodation options as possible to families at risk of homelessness.

Support for renters

The Chancellor announced:

44. To support Housing Benefit and Universal Credit claimants living in areas where private rents have been rising fastest, the Government will increase some Local Housing Allowance (LHA) rates by increasing Targeted Affordability Funding by £40 million in

2018/19 and £85 million in 2019/20. This will increase the housing benefit awards of approximately 140,000 claimants in 2018/19, by an average of £280, in areas where affordability pressures are greatest. *(Page 64, Paragraph 5.37)*

LGA view:

45. This is a helpful step recognising our call for lifting the LHA freeze. However, it does not address the chronic and growing crisis of housing affordability, particularly in the private rented sector, which is now the leading cause of homelessness. Councils need funding and flexibility to increase supply.
46. The overall Discretionary Housing Payment funding for 2017/18 is £185 million, dwarfed by the combined annual income loss associated with the benefit cap (£486 million), the under occupation charge (£557 million) and those paying rent above the Local Housing Allowance (£3.7 billion).

Stamp duty for first-time buyers

The Chancellor announced:

47. The price at which a property becomes liable for stamp duty land tax will be permanently raised to £300,000 for first-time buyers. The relief will not apply to properties prices over £500,000. *(Page 63, Paragraph 5.28)*

LGA view:

48. The removal of stamp duty for properties under £300,000 should help hard pressed first time buyers. However, without an increase in the number of homes available to buy, first time buyers will still struggle to find a home they can afford. Councils are ready to play their part in building new homes, but they need to be given sufficient powers and resources.
49. With hundreds of private residential high rise buildings already identified as having aluminium composite material (ACM) cladding that requires further checking, and councils confirming with building owners of thousands of other private high rise residential buildings whether these do not have ACM cladding, central government needs to fully fund the costs incurred by councils in conducting this vital safety work, and any follow up action needed to ensure residents in these blocks are safe.
50. The additional £28 million of funding to help support the victims of the Grenfell Tower fire and the affected communities is welcome.

Implications for Wales

51. Housing is a devolved matter for Wales

Financial Implications

52. There are no financial implications

Next steps

53. That the Environment, Economy, Housing and Transport Board examines and comments on the implications of the Budget Statement for the Local Government as it relates to its remit.

Local Government Association

Autumn Budget 2017 – On the Day Briefing

22 November 2017



Introduction

The Budget provides a formal update on the state of the economy, responds to the new economic and fiscal forecast from the Office for Budget Responsibility and announces the Government's fiscal measures.

The full set of documents is available on the [HM Treasury website](#).

The LGA has circulated a number of media statements responding to today's announcement:

[LGA Autumn Budget 2017 media statement](#)

[LGA housing media statement](#)

[LGA children's services media statement](#)

[LGA NHS funding media statement](#)

[LGA greener transport media statement](#)

[LGA universal credit media statement](#)

[LGA devolution media statement](#)

[LGA Cultural Development Fund media statement](#)

KEY MESSAGES

- It is hugely disappointing that the Budget offered nothing to ease the financial crisis facing local services. Funding gaps and rising demand for our adult social care and children's services are threatening the vital services which care for our elderly and disabled, protect children and support families. This is also having a huge knock-on effect on other services our communities rely on. Almost 60p in every £1 that people pay in council tax could have to be spent caring for children and adults by 2020, leaving increasingly little to fund other services, like cleaning streets, running leisure centres and libraries, and fixing potholes.
- The Chancellor has recognised the financial challenges facing the NHS. However, the best way to reduce pressures on the NHS is to tackle the chronic underfunding of care and support services, and to prevent people presenting at A&E in the first place. We therefore call on the Government to ensure that spending plans for the new funding are agreed with local government.

Briefing

- Our national housing shortage is one of the most pressing issues we face. The last time this country built more than 250,000 homes a year - in the 1970s - councils built more than 40 per cent of them. If we are to get back to building 300,000 homes a year, then the Government needs to ensure councils in all areas of the country are given greater freedom to borrow to build new homes. Today's Budget has taken a step towards that by lifting the housing borrowing cap for some councils. This is an important recognition of our argument about the vital role that councils must play to provide housing for people and solve our housing crisis, but this does not go far enough.
- The money local government has to deliver services is running out fast and councils face an overall £5.8 billion funding gap in just two years. We remain clear that local government, as a whole, must be able to keep every penny of business rates collected to plug funding gaps while a review of the system of distributing funding between councils is urgently needed. The Government should use the upcoming Local Government Finance Settlement to make this happen.
- Only with sufficient funding and greater freedom from central government to take decisions over vital services in their area can local government generate economic growth, build homes, strengthen communities, and provide care and support for older and disabled people.
- It is disappointing that there were no measures to address our concerns on the future of the replacement of EU funding to local areas. An £8.4 billion UK-wide funding gap for local communities would immediately open up from the point we officially exited the EU, unless a viable domestic successor to EU funding is in place. To help ensure we have an economy fit for the future, it is essential that this funding to local areas is fully replaced as part of a locally-led successor to EU regional aid.

The Budget offered very little to ease the financial crisis facing local services. It is particularly disappointing that there were no measures to address the priorities of councils on the Fair Funding Review, business rates retention, the future of the UK Shared Prosperity Fund, and social care.

Fair Funding Review and Business Rates Retention

With the exception of announcements on business rates retention pilots, the Chancellor made no announcements on business rates retention reform or the Fair Funding Review.

LGA view:

- Along with individual councils, we have been working with DCLG officials on the Fair Funding Review and on the move towards greater business rates

retention within local government. Getting to a conclusion in these two related areas is a high priority for us and our member councils.

- We are calling on the Government to confirm the date of implementation of new funding baselines and to publish the planned Fair Funding Review consultation as soon as possible to ensure that confidence in the review is preserved.
- To ensure the future sustainability of local government services for our communities, we recommend that business rates retention should be used as follows:
 - To plug the £5.8 billion funding gap facing local government by 2019/20 and the £1.3 billion pressure to stabilise the adult social care provider market today.
 - To ensure that no authority will be worse off due to a new fair funding formula at the point of implementation.
 - To fund future service demand and resulting budget pressures.
 - The funding of some current grants through further business rates retention;
 - Not to transfer new responsibilities through business rates retention. Any new responsibilities should come with newly devolved resources.
- Finding a solution to the risks relating to business rates appeals, even in the 50 per cent business rates retention system, is crucial. There are still over 200,000 unsolved appeals dating back from before April 2017. Councils have had to divert over £2.5 billion from services to deal with this risk. The Government also needs to tackle business rates avoidance. We have estimated this is costing councils £230 million per annum.
- Given the uncertainty facing local government due to business rates retention and the Fair Funding Review, the Government must provide further funding through the Local Government Finance Settlement to reduce the pace of reductions of grant funding to all councils in 2018/19 and 2019/20. As part of this, the transition grant (negotiated to help local authorities most affected by the change in the method used to calculate reductions to revenue support grant and meant to provide support until the Government's reforms were implemented) now needs to be extended until the new arrangements are in place. The 50 per cent of business rates that currently make up the central share could be one source of this funding.

EU funding

The Chancellor made no announcements on the UK Shared Prosperity Fund.

LGA view:

- We have urged the Government to provide additional detail on how it intends to implement its manifesto commitment to provide a UK Shared

Prosperity Fund (UKSPF) to replace the EU funding for local areas when the UK leaves the EU. We are therefore disappointed that today's Budget lacks any detail on how, or when, the UKSPF will be administered or allocated. Most importantly, there has been no clarification on the overall quantum of funding. Time is now running out to effectively design and implement an orderly and smooth transition for local areas.

- A £8.4 billion UK-wide funding gap for local communities would immediately open up from the point we officially exited the EU, unless a viable domestic successor to EU funding is in place. To help ensure we have an economy fit for the future, it is essential that this funding to local areas is fully replaced as part of a locally-led successor to EU regional aid.
- EU funding has been utilised by local authorities, Local Enterprise Partnerships, businesses and the community and voluntary sector to support local level growth plans. It is a vital source of revenue and capital funding and has supported thousands of beneficiaries through schemes to create jobs, support small and medium enterprises, deliver skills, build infrastructure and boost local growth in all types of areas across the country. We urgently call on the Government to confirm that this quantum of successor money is now in place. This will allow local government to effectively plan before the UK exits the EU.
- We repeat our offer to support central government to develop an effective domestic successor programme which gives local areas far greater say over how money is spent, and enables them to deliver the ambitions of the Industrial Strategy.

Adult social care and health

- The Chancellor made no announcements on adult social care and support. He did announce an additional £6.3 billion for the NHS. This is made up of £3.5 billion of capital investment and £2.8 billion of resource funding. (*Page 65, Paragraph 6.1*)
- To protect frontline services in the NHS, the Government is committing to fund pay awards as part of a pay deal for NHS staff on the Agenda for Change contract, including nurses, midwives and paramedics. Any pay deal will be on the condition that the pay award enables improved productivity in the NHS, and is justified on recruitment and retention grounds. This does not prejudice the role of the independent NHS Pay Review Body in recommending the level of pay award that these staff should receive. (*Page 66, Paragraph 6.7*)
- The Chancellor announced that capital funding will be for local groups of NHS organisations (Sustainability and Transformation Partnerships) to deliver transformation schemes that improve their ability to meet demand for local services. This funding will enable them to deliver more integrated care for patients, more care out of hospital and reduce waiting times. (*Page 66, Paragraph 6.8*)
- The Chancellor announced an additional £42 million for the Disabled

Facilities Grant in 2017/18. *(Page 66, Paragraph 6.11)*

LGA view:

- It is extremely disappointing that the Government has chosen not to address the continuing funding gap for adult social care, while announcing further investment in the NHS. The Office of Budget Responsibility is very clear in its report that local authorities remain under pressure as demand and costs for both adult and children's social care rise. The best way to reduce pressures on the NHS is to tackle the chronic underfunding of care and support services, and to prevent people presenting at A&E in the first place. We therefore call on the Government to ensure that spending plans for the new funding are agreed with local government. We estimate that social care faces an annual funding gap of £2.3 billion by the end of the decade, and pressures on the provider sector of £1.3 billion right now. This needs to be plugged urgently to keep the system afloat and stop more providers leaving the market. There is no point overlaying sweeping reforms onto a system that is already extremely fragile.
- While local government will have managed reductions to its core funding from central government totalling £16 billion between 2010 and 2020, we have estimated that NHS spending will have increased by just under £20 billion over the same period (prior to today's announcement). The Government's approach of continuing to treat the symptoms of system pressures, rather than their causes, is short-sighted, costly and detrimental to people's wellbeing.
- Adult social care needs to be placed on an equal footing to the NHS. It is clear that the public understands this, as adult social care was a central talking point in the recent general election. It is therefore deeply disappointing that the Government has today chosen not to capitalise on this momentum. This will have significant consequences for the viability of the provider market and the sustainability of the NHS. Most importantly, the impact will be felt by people who rely on services. Unmet and under-met need is likely to increase and older and disabled people, and their carers, will face an uncertain future in which they may not receive the services that support their independence and wellbeing. We risk failing the positive ambitions of the Care Act.
- The £2 billion for adult social care over three years announced in the Spring Budget was a welcome step in the right direction and councils having been using this money effectively. But that money is one-off funding and does not resolve all immediate pressures. It is also now subject to increasing scrutiny and national direction, with next year's allocation under threat in some cases. Furthermore, the increasing focus on delayed transfers of care may mean that resources are diverted from supporting vital adult social care services and stabilising the provider market. Both are essential for supporting older and disabled people and reducing pressure on the NHS.

- We welcome the recent announcement of a period of engagement and consultation ahead of a Green Paper on the future of care by summer 2018. But that process will only focus on older people, will take time and we simply cannot wait for its solutions to deliver a sustainable system. The pressures are immediate and people of all ages using services want action now.
- We are also disappointed that the Government has ignored our call for urgent action to invest in prevention, early intervention and community based support, and to reverse the planned cuts to the public health grant. Continued reductions to the public health budget will have a significant impact on the essential prevention and health protection services provided by councils and will increase pressure on the NHS. Given that much of the local government public health budget pays for NHS services, including sexual health, drug and alcohol treatment and NHS health checks, this will be a cut to the NHS in all but name.
- The commitment to fund any pay deals for NHS staff on the Agenda for Change contract in order to protect frontline services may have a serious impact on the recruitment and retention of adult social care staff in residential and nursing homes by further increasing the pay differences between staff employed in adult social care and the NHS. This may further exacerbate the already fragile provider market. We are calling on the Government to ensure that measures to improve recruitment and retention in the NHS does not have a negative impact on recruitment and retention in residential and nursing homes.
- There will be an additional £2.6 billion capital funding for Sustainability and Transformation Partnerships (STPs) to transform services and deliver more integrated care. Adult social care is a vital component of integrated services and, as such, councils need to be fully involved in STP plans to develop out of hospital services. We are concerned that STPs continue to be NHS dominated with a focus on acute care. The partnerships will not be able to deliver truly integrated services without councils and adult social care being recognised as equal partners.
- We welcome further funding for the Disabled Facilities Grant. Councils are committed to supporting people to stay independent in their own home and out of more expensive acute settings.

Children's services

The Chancellor made no announcements on the budget pressures facing children's services.

LGA view:

- It is extremely disappointing that today's Budget has not provided any additional funding for children's services. The Government has been warned repeatedly that ongoing funding cuts have left councils struggling

to provide the support that vulnerable children and families need. Major charities and independent experts have joined our call for additional resources to be provided urgently to help keep children safe.

- This vital service is rapidly becoming unsustainable. In 2015/16 councils surpassed their children's social care budgets by £605 million in order to protect children at immediate risk of harm. A further £2 billion funding gap will have opened up in just over two years' time. This gap is likely to grow even larger unless immediate action is taken to address the growing demand for child protection services.
- Last year, 90 children entered care every single day. It was the biggest annual increase witnessed since 2013. This has to be a wake up call to central government that unless there is an injection of funding to support crucial early intervention services, many more vulnerable children and families will need formal support from council child protection services in the years to come.
- Last year, 75 per cent of councils were forced to overspend their budgets by millions to ensure children at immediate risk of harm were protected. We have reached a tipping point where this service can no longer be ignored. It is absolutely crucial that the forthcoming Local Government Finance Settlement addresses this funding gap.

THE BUDGET IN DETAIL

Planning for more homes

The Chancellor announced:

- The Government will consult on strengthening policy to be clear that allocated land should be taken out of a plan if there is no prospect of a planning application being made. (*Page 60, Paragraph 5.7*)
- DCLG has begun the formal process of considering intervention in 15 areas where the local authority has failed to put an up-to-date plan in place. The Government will shortly activate powers that will enable it to direct local planning authorities to produce joint statutory plans and undertake an assessment of where they should be used. (*Page 60, Paragraph 5.8*)
- The Government will consult on a new policy whereby local authorities will be expected to permission land outside their plan on the condition that a high proportion of the homes are offered for discounted sale for first-time buyers, or for affordable rent. This will exclude land in the Green Belt. (*Page 60, Paragraph 5.9*)
- The Government will consult on introducing:

- Minimum densities for housing development in city centres and around transport hubs, with greater support for the use of compulsory purchase powers for site assembly.
- Policy changes to support the conversion of empty space above high street shops.
- Policy changes to make it easier to convert retail and employment land into housing.
- A permitted development right to allow commercial buildings to be demolished and replaced with homes (*Page 60, Paragraph 5.10*)

LGA view:

- Councils want to deliver the right kind of homes, supported by infrastructure. As the Chancellor highlighted in his speech, councils are playing their part – approving nine out of 10 planning permissions. The Government has placed significant emphasis on councils having a Local Plan, which councils go to great lengths to develop with their local communities and partners.
- It is disappointing that the Government is then simultaneously looking to consult on a series of policies that undermine the local planning process. For example, the proposal that councils will be expected to give permission to build on land outside of the local plan if most homes are offered for discounted sale for first-time buyers means that councils are being asked to produce a plan and then being made to ignore that very plan.
- It is important that the local planning process is responsive to local communities within the National Planning Policy Framework, which sets out a national policy enabling places to build new homes. Some councils are frustrated that the Government has delayed the implementation of their agreed local plans.
- Local authorities should be able to develop a locally responsive mix of housing tenure that works towards supporting home ownership. Councils need to be able to determine the number of first-time buyer homes built locally, alongside affordable homes for rent, which will be critical for ensuring new housing meets the needs of communities.
- We oppose a new permitted development right to allow commercial buildings to be demolished and replaced with homes. This risks a number of unintended consequences, as illustrated through the existing permitted development right allowing change of use from office and commercial use to residential use. This includes a reduction in viable office space, housing that does not meet housing need and a reduction in the provision of affordable housing and local infrastructure.

Ensuring that planning permissions are built out faster

The Chancellor announced:

- The Government will consult on:
 - Strengthening the Housing Delivery Test: With tougher consequences where planned homes are not being built, by setting the threshold at which the presumption in favour of development applies at 75 per cent of housing delivery by 2020.
 - Expecting local authorities to bring forward 20 per cent of their housing supply as small sites: This will speed up the building of new homes and supports the Government's wider ambition to increase competition in the house building market.
 - Speeding up the development process by removing the exemptions from the deemed discharge rules. This will get builders on site more quickly, ensuring that development is not held back by delays in discharging planning conditions. (*Page 61, Paragraph 5.11*)
- The Government will set up a review panel to explain the significant gap between housing completions and the amount of land allocated or permitted, and make recommendations for closing it. (*Page 61, Paragraph 5.12*)
- The Government will develop a central register of residential planning permissions from local authorities to improve information on where permissions are held and progress towards them being built out. (*Page 61, Paragraph 5.13*)

LGA view:

- We have consistently called for new powers to ensure sites with planning permission are built out more quickly. It is welcome to see the Government focus on this issue, and we look forward to contributing to the build-out review.
- Local planning authorities are committed to building homes where they are needed but do not have all the planning powers to actually ensure it happens when planning permission is granted. Councils need to be given financial tools to ensure that sites with planning permission get built within a reasonable time frame, such as the ability to charge council tax on unbuilt homes in these situations. It is not appropriate to implement a strengthened delivery test on councils when they do not have the powers to ensure the delivery of those homes.
- As with all performance measures, it will be crucial that the drive to meet the requirements of a delivery test does not lead to unintended consequences. There is a risk that a simplistic focus on increasing supply, above all other factors, could result in housing that does not meet local

need, or that are not supported by the necessary infrastructure or access to services. This would undermine community confidence in the local planned system.

- Councils recognise the importance that small sites can play in helping to meet local need for housing and helping stimulate the SME building industry. This will be crucial to increasing supply over the medium term. Councils will need to consider the cumulative impact of small sites coming forward alongside other sites on the capacity of local supporting infrastructure.

Developer contributions

The Chancellor announced:

- The Government will consult on:
 - Removing restriction of Section 106 pooling towards a single piece of infrastructure where the local authority has adopted the Community Infrastructure Levy (CIL), in certain circumstances such as where the authority is in a low viability area or where significant development is planned on several large strategic sites.
 - Speeding up the process of setting and revising CIL to make it easier to respond to changes to the market.
 - Allowing authorities to set rates which better reflect the uplift in land values between a proposed and existing use.
 - Changing indexation of CIL rates to house price inflation, rather than build costs. This will reduce the need for authorities to revise charging schedules. This will ensure CIL rates keep up with general housing price inflation and if prices fall, rates will fall too, avoiding viability issues
 - Giving Combined Authorities and planning joint committees with statutory plan-making functions the option to levy a Strategic Infrastructure Tariff (SIT) in future. (*Page 62, Paragraph 5.14*)

LGA view:

- We have long called for the process of setting up and revising CIL to be streamlined and for restrictions on section 106 pooling to be lifted. We have also called for measures to allow councils to capture a greater proportion of land value uplifts from the granting of planning permission.
- However, it is important to note that whilst the CIL is one tool available to councils to raise funding for infrastructure, it does not and cannot meet the whole infrastructure needs of an area.
- The proposals also miss an opportunity to make other reforms to CIL to make it a more effective tool for raising funds for infrastructure, as proposed by the CIL review. This includes the removal of national

exemptions from CIL and capacity for local authority borrowing against future CIL receipts.

- All local areas should be able to benefit from the opportunity to levy a Strategic Infrastructure Tariff.

Housing Revenue Account

The Chancellor announced:

- A lift of Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. Local authorities will be invited to bid for increases in their caps from 2019/20, up to a total of £1 billion by the end of 2021/22. The Government will monitor how authorities respond to this opportunity, and consider whether any further action is needed (*Page 63, Paragraph 5.23*)
- The Government will proceed with a £200 million large-scale regional pilot of the Right to Buy for housing association tenants in the Midlands. (*Page 64, Paragraph 5.32*)

LGA view:

- It is encouraging to see that a number of local areas will be able to receive additional borrowing headroom to deliver more housing, responding to our case for enabling greater building by councils.
- We face a national housing crisis which impacts on different places in different ways, so it is important all councils have the levers to deliver vital affordable housing for their communities. The last time the country built over 250,000 homes was in the 1970s, when councils built 40 per cent of them.
- Housebuilding by councils at scale would boost local economies and productivity, it would reduce housing benefit spending and homelessness, put Right to Buy on a sustainable footing, and create revenue generating assets for communities. The Government should be bold in sparking a renaissance in house building by councils by removing Housing Revenue Accounts from contributing towards public sector debt.
- The Government's commitment to continue with the extension of the Right to Buy pilots for housing association tenants must not be funded by forcing councils to sell their council homes. We would welcome commitment as soon as possible that this is the case. Clarification on this point would remove uncertainty, allowing councils to get on and build.

Investment in housing and infrastructure

The Chancellor announced:

- The Government will invest further in infrastructure through the National Productivity Infrastructure Fund to support new housing in high-demand areas. The Budget commits a further £2.7 billion to the competitively allocated Housing Infrastructure Fund (HIF) in England. This takes the total investment in the HIF to £5 billion. *(Page 62, Paragraph 5.18)*
- The Government will provide £1.1 billion for a new Land Assembly Fund, funded from the National Productivity Infrastructure Fund. The new fund will enable Homes England to work alongside private developers to develop strategic sites, including new settlements and urban regeneration schemes. *(Page 62, Paragraph 5.16)*
- The Government will provide a further £630 million through the National Productivity Infrastructure Fund to accelerate the building of homes on small, stalled sites, by funding on-site infrastructure and land remediation. *(Page 62, Paragraph 5.20)*
- A further £1.5 billion for the Home Building Fund, providing loans specifically targeted at supporting SMEs who cannot access the finance they need to build. *(Page 62, Paragraph 5.21)*
- A confirmation of the further £2 billion of funding for affordable housing announced in October, including funding for social rented homes. This takes the total budget for the Affordable Homes Programme from £7.1 billion to £9.1 billion to 2020/21. It is expected that this will provide at least 25,000 new affordable homes. *(Page 63, Paragraph 5.23)*
- £400 million of loan funding for estate regeneration to transform run-down neighbourhoods and provide new homes in high-demand areas. *(Page 63, Paragraph 5.24)*

LGA view:

- It is positive to see further Government investment in building new homes. The doubling of the Housing Infrastructure Fund is particularly welcome, as the first block of funding was significantly over-subscribed due to the appetite from local government to access it to build homes. Similarly, investment in the Affordable Homes Programme, land assembly, supporting SMES and estate regeneration all reflect asks that the LGA has made in its Housing Commission.
- We look forward to working with the Government on the details. It is critical that all councils in all parts of the country have a leading role in shaping this investment to ensure that new housing and infrastructure meets the needs of the local communities they represent.

- However it is also clear that the Government is taking a decision to invest a much greater proportion of funding through different national programmes for private developers than in supporting councils to build more affordable homes. The only way to build more homes that communities can afford is by enabling a significant increase in building by councils, which have housing and homelessness duties.

Homelessness

The Chancellor announced:

- The launch of the Homelessness Reduction Taskforce (*Page 64, Paragraph 5.33*)
- Investment of £28 million in three Housing First pilots in Manchester, Liverpool and the West Midlands, to support rough sleepers with the most complex needs to turn their lives around. (*Page 64, Paragraph 5.34*)
- £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector. (*Page 64, Paragraph 5.35*)

LGA view:

- Homelessness is increasing as housing becomes less affordable due to rising rents and reduced welfare assistance. These measures are welcome, but do not go far enough in tackling the underlying issues. Looking ahead, it is crucial that the Government continue to adapt the implementation of welfare reforms to reduce the risk of homelessness. This should include lifting the Local Housing Allowance freeze and removing temporary accommodation from Universal Credit.
- Councils will want to see the detail of the private rented access schemes and ensure that they have a role in deciding how they are used. Councils have the housing and homelessness duties, including new duties in the Homelessness Reduction Act. They must therefore have the lead role in accessing funding so that it is targeted at local landlords to provide as many accommodation options as possible to families at risk of homelessness.

Support for renters

The Chancellor announced:

- To support Housing Benefit and Universal Credit claimants living in areas where private rents have been rising fastest, the Government will increase some Local Housing Allowance (LHA) rates by increasing Targeted Affordability Funding by £40 million in 2018/19 and £85 million in 2019/20. This will increase the housing benefit awards of approximately 140,000 claimants in 2018/19, by an average of £280, in areas where affordability pressures are greatest. (*Page 64, Paragraph 5.37*)

LGA view:

- This is a helpful step recognising our call for lifting the LHA freeze. However, it does not address the chronic and growing crisis of housing affordability, particularly in the private rented sector, which is now the leading cause of homelessness. Councils need funding and flexibility to increase supply.
- The overall Discretionary Housing Payment funding for 2017/18 is £185 million, dwarfed by the combined annual income loss associated with the benefit cap (£486 million), the under occupation charge (£557 million) and those paying rent above the Local Housing Allowance (£3.7 billion).

Stamp duty for first-time buyers

The Chancellor announced:

- The price at which a property becomes liable for stamp duty land tax will be permanently raised to £300,000 for first-time buyers. The relief will not apply to properties prices over £500,000. (*Page 63, Paragraph 5.28*)

LGA view:

- The removal of stamp duty for properties under £300,000 should help hard pressed first time buyers. However, without an increase in the number of homes available to buy, first time buyers will still struggle to find a home they can afford. Councils are ready to play their part in building new homes, but they need to be given sufficient powers and resources.

Grenfell Tower

The Chancellor announced:

- Following the tragedy at Grenfell Tower, the Government is determined to ensure that those affected receive the support they need. The Budget re-confirms that, where measures are essential to make a building fire safe, the Government will make sure that current restrictions on the use of local authority financial resources will not prevent them going ahead. The Government awaits the findings of the Hackitt Review and will respond to the recommendations when they are published. The Budget also commits £28 million additional community support to victims, including new mental health services, regeneration support for the Lancaster West estate, and a new community space. (*Page 63, Paragraph 5.26*)

LGA view:

- The Government needs to provide funding those councils that are removing and replacing cladding on the 45 council tower blocks, and any other essential fire safety measures that are deemed necessary to ensure residents are safe going forward.

- With hundreds of private residential high rise buildings already identified as having aluminium composite material (ACM) cladding that requires further checking, and councils confirming with building owners of thousands of other private high rise residential buildings whether these do not have ACM cladding, central government needs to fully fund the costs incurred by councils in conducting this vital safety work, and any follow up action needed to ensure residents in these blocks are safe.
- The additional £28 million of funding to help support the victims of the Grenfell Tower fire and the affected communities is welcome.

Business Rates Retention

The Chancellor announced:

- A pilot of 100 per cent business rates retention in London in 2018/19. The Greater London Authority (GLA) and London boroughs will come together to form a pool and invest revenue growth strategically on a pan-London basis. *(Page 55, Paragraph 4.71)*
- The Government will continue to pilot additional business rates retention for councils across England. In addition to the London pilot announced in the Budget, new pilots for 2018/19 will be announced following the DCLG assessment of recent applications to its scheme. *(Page 56, Paragraph 4.80)*

LGA view:

- We welcome the announcement of business rates pilots. We look forward to the announcement of the pilots elsewhere in the country.
- We expect the Government to honour its previous commitment that pilots should not have a detrimental effect on other areas.

Other business rates measures

The Chancellor announced:

- Bringing forward to 1 April 2018 the planned switch in indexation from RPI to the main measure of inflation (currently CPI).
- Legislating retrospectively to address the so-called “staircase tax” (this refers to the Supreme Court judgement on the Mazars case which concerned valuation of non-contiguous areas within buildings). Affected businesses will be able to ask the Valuation Office Agency (VOA) to recalculate valuations so that bills are based on previous practice backdated to April 2010 – including those who lost Small Business Rate Relief as a result of the Court judgement. The Government will publish draft legislation shortly.

- Continuing the £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for one year from 1 April 2018.
- Increasing the frequency with which the VOA revalues non-domestic properties by moving to revaluations every three years following the next revaluation, currently due in 2022. To enable this, ratepayers will be required to provide regular information to the VOA on who is responsible for business rates and property characteristics including use and rent. The Government will consult on the implementation of these changes in the spring.
- Local government will be fully compensated for the loss of income as a result of these measures. (*Page 34, Paragraph 3.27 and 3.28*)

LGA view:

- We welcome the fact that councils will be fully compensated for the switch from RPI to CPI, which has been brought forward by two years, and the discount for small public houses.
- We call on the Government to fully fund losses to local government from valuation appeals, such as the change in the valuation method for doctors' surgeries.
- We welcomed the proposal for businesses to provide more regular information to the VOA as part of a move to more frequent valuations. We would not be in favour of more frequent revaluations without measures to reduce significantly the backlog of appeals. There are still over 200,000 unsolved appeals dating back from before April 2017. Councils have had to divert over £2.5 billion from services to deal with this risk.
- The Government also needs to tackle business rates avoidance; which we have estimated stands at £230 million per annum.

Council tax

The Chancellor announced:

- The Government is keen to encourage owners of empty homes to bring their properties back into use. To help achieve this, local authorities will be able to increase the council tax premium from 50 per cent to 100 per cent. (*Page 64, Paragraph 5.31*)

LGA view:

- We welcome the fact that the Government has listened to our call to provide councils with the ability to charge more for empty homes. The Government should also give councils more flexibility on other council tax discounts and

on the relative burden between valuation bands, as well as abolishing council tax referendums.

Local infrastructure rate

The Chancellor announced:

- Following a consultation earlier this year, the Government confirms that it will lend local authorities in England up to £1 billion at a new discounted interest rate of gilts + 60 basis points accessible for three years to support infrastructure projects that are high value for money. Details of the bidding process will be published in December 2017, and corresponding shares will be made available to local authorities in Scotland and Wales. (*Pages 55-56, Paragraph 4.79*)

LGA view:

- This was first announced in last year's Autumn Statement. As we stated on our response to the subsequent consultation which closed in January 2017, any Government initiative that has the potential to reduce costs to local government is welcome. These proposals will have a positive, but marginal, impact on local authorities' infrastructure investment. This impact could be made greater if the amounts available under the scheme were increased, the rate offered were improved, and the types of qualifying investment widened.

Skills

The Chancellor announced:

- A formal skills partnership with the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) to develop the National Retraining Scheme. Together they will help set the strategic priorities for the scheme and oversee its implementation, working with new Skills Advisory Panels to ensure that local economies' needs are reflected. (*Page 47, Paragraph 4.21*)
- The Government will continue to work with employers on how the apprenticeship levy can be spent so that the levy works effectively and flexibly for industry, and supports productivity across the country. (*Page 48, Paragraph 4.27*)

LGA view:

- The development of a £65 million national retraining scheme with the CBI and TUC is welcome but it must work for people and places up and down the country to help them match local skills supply and demand. We urge the Government to work with the LGA and councils, as well as LEPs, to make this happen. We await further details in the Industrial Strategy White Paper about the role of local Skills Advisory Panels.

- Any review of the Apprenticeship Levy must enable local areas to pool Levy contributions so provision can be planned and targeted more effectively across places.
- Urgent action is required to solve our growing skills crisis. By 2024, we will have four million too few high skilled workers and eight million too many intermediate and low skilled workers to fill the jobs the national economy will generate. Failure to address this puts at risk up to 4 percent of future economic growth – equivalent to a loss of £90 billion economic output, which would make the average worker £1,000 a year worse off.
- Our skills crisis is partly due to a succession of top down Whitehall initiatives which, while well meaning, have simply not worked. This has created a confusing patchwork of £10.5 billion skills and employment funding scattered across 20 different national schemes.
- We are disappointed that the Chancellor has not signalled a move towards a more joined up and locally relevant skills system. We urge the Government to work with councils so that the whole skills system can be made coherent for local people and effective for local businesses. Only then will we be able to make the most of valuable public and produce the current and future workforce we need.

Universal Credit

The Chancellor announced:

- The Government will provide more support to Universal Credit claimants:
 - From January 2018 those who need it, and who have an underlying entitlement to Universal Credit, will be able to access up to a month's worth of Universal Credit within five days via an interest-free advance. The Government will extend the period of recovery from six months to twelve months, making it easier for claimants to manage their finances. New claimants in December will be able to receive an advance of 50 per cent of their monthly entitlement at the beginning of their claim and a second advance to take it up to 100 per cent in the new year, before their first payment date.
 - From February 2018 the Government will remove the seven-day waiting period so that entitlement to Universal Credit starts on the first day of application.
 - From April 2018 those already on Housing Benefit will continue to receive their award for the first two weeks of their Universal Credit claim.
 - The Government will also make it easier for claimants to have the housing element of their award paid directly to their landlord. (*Page 67, Paragraph 6.14*)
- To support these changes the Government will roll out Universal Credit

more gradually between February 2018 and April 2018, and roll-out to all jobcentres will be complete in December 2018. (*Page 67, Paragraph 6.15*)

- Universal Credit also offers new opportunities to support people in low-paid work to progress in the labour market. The Budget allocates £8 million to trial innovative approaches to help individuals on Universal Credit to earn more. (*Page 67, Paragraph 6.16*)

LGA view:

- We have raised significant concerns on behalf of the sector about the design and implementation of Universal Credit. We are pleased that the Government has listened to some of these concerns and proposed a set of measures to address issues related to the initial waiting period, in particular.
- However, these measures also do not fully address the widening gap between people's incomes and outgoings, and the resulting pressures on council budgets and services that are presenting real challenges to local authorities.
- The package of measures should enable councils to ensure that fewer Universal Credit claimants get into difficulty at the outset of their claim.
- We need to understand detail of how the measures will be implemented. The measures that councils will be responsible for, particularly in relation to the continuation of Housing Benefit, may be administratively complex. These must be fully resourced, and the Department for Work and Pensions must continue to work closely with local government on implementation. It must be clear to claimants what support is available and how they can access it.
- Councils would like to be able to do more, in partnership with central government, to support low income households to increase their income from employment and access genuinely suitable and affordable housing.

Devolution

The Chancellor announced:

- The Government has agreed a 'minded to' devolution deal with the North of Tyne authorities, which will be subject to the consent of local partners. This would see £600 million of investment in the region over 30 years and create a new mayor elected in 2019 with powers over important economic levers including planning and skills. (*Page 53, Paragraph 4.56*)
- The Government will enter into discussions with the Liverpool City Region and Tees Valley to explore scope for further devolution to these areas, to promote local growth. (*Page 54, Paragraph 4.61*)

- The Government has agreed a second devolution deal in principle with the West Midlands Mayor and Combined Authority to address local productivity barriers. This includes £6 million for a housing delivery taskforce, £5 million for a construction skills training scheme and a £250 million allocation from the Transforming Cities fund to be spent on local intra-city transport priorities. *(Page 54, Paragraph 4.62)*
- The Government will also begin negotiations on a growth deal for the Borderlands. *(Page 56, Paragraph 4.87)*
- The Government will make available to Mayoral Combined Authorities with elected mayors a £12 million fund for 2018/19 and 2019/20, to boost the new mayors' capacity and resources. *(Page 55, Paragraph 4.78)*

LGA view:

- The announcement of the first new devolution deals in 20 months is encouraging and will benefit those living in the North of Tyne region and the West Midlands. Many more such deals are required to the growing sense of stalled progress and missed opportunities across much of the country.
- The longer it takes to secure new devolution deals, the longer communities will have to wait to benefit from the opportunities currently available to areas where devolution has taken place. These include having greater powers and funding to improve local transport, housing, health and social care and to equip local people with the skills they need to secure employment and prosper.
- The Government needs to engage in an honest and open debate about the best form of governance able to foster thriving local economies across the country, including non-metropolitan areas, to ensure that opportunities for inclusive growth are not lost. This would be aided by providing further detail on the proposal for a common devolution framework as soon as possible.
- In order to have a clearer account of progress to date, that the annual devolution report should be published.

Trade and Business Export Support

The Chancellor announced:

- The Department for International Trade will set out details of their new export strategy review. *(Page 50, Paragraph 4.34)*

LGA view:

- The Government's review of the UK's export strategy is a welcome opportunity to do things differently. Whilst there are positive relationships between national and local agencies providing export support to business,

there is still a need to further refine the offer and create flex in the system to tailor more to local needs. A new approach must better leverage the expertise of local authorities and further embed stronger place-based approaches to trade and investment that integrate support at a local level.

Transforming Cities Fund

The Chancellor announced:

- A £1.7 billion fund from the National Productivity Investment Fund to support intra-city transport, will target projects which drive productivity by improving connectivity, reducing congestion and utilising new mobility services and technology. Half will be allocated via competition for transport projects in cities and the other half will be allocated on a per capita basis to the 6 combined authorities with elected metro mayors – £74 million for Cambridgeshire and Peterborough, £243 million for Greater Manchester, £134 million for Liverpool City Region, £80 million for West of England, £250 million for West Midlands and £59 million for Tees Valley – enabling them to invest in their transport priorities. (*Page 51, Paragraph 4.42*)

LGA view:

- Any new funding for transport is a positive step. Motorists spend five days a year stuck in traffic and this costs them £1,000 a year. £1.7 billion in additional transport funding will make an essential impact for our cities and devolution areas. Funding allocations like those received by the mayoral combined authorities will allow local areas to focus on interventions that they know will make a difference.
- However congestion isn't just confined to cities. The Government must build on this, and deliver similar funding for councils across the country. In particular authorities need long term funding certainty and an end to constant bidding rounds.

Workforce

The Chancellor announced:

- To develop and support public sector workers in driving productivity improvements, the Government will build capability in workforce planning, management and monitoring. This will ensure the right people are in place, with the right skills and experiences to deliver key services. (*Page 68, Paragraph 6.25*)
- The Government will establish a Public Service Leadership Academy to complement existing provision, create networks and share best practice across the public services. A taskforce will be set up to advise on the role, remit and responsibilities of the new Academy and will provide an interim report by Spring Statement 2018. (*Page 68, Paragraph 6.26*)

LGA view:

- This builds on the work that the LGA is already undertaking, and we look forward to dialogue with the Government about their proposals and the funding involved.
- We welcome the establishment of the new Public Service Leadership Academy and we look forward to being involved in the advisory taskforce, building on our expertise in running similar programmes in local government.

Public sector pay

The Chancellor announced:

- In September 2017 the Government announced its intention to move away from the 1 per cent basic public sector pay award policy, which is paid to public servants in addition to any incremental pay progression and allowances. The Government will ensure that the overall pay award is fair to public sector workers, as well as to taxpayers, and reflects the vital contribution they make to delivering high quality public services. In 2018/19, for those workforces covered by an independent Pay Review Body (PRB), the relevant Secretary of State will shortly write to the PRB Chair to initiate the 2018/19 pay round, before later submitting detailed evidence outlining recruitment and retention data and reflecting the different characteristics and circumstances of their workforce. Each PRB will then make its recommendations in the spring or summer, based on the submitted evidence. Secretaries of State will make final decisions on pay awards, taking into account their affordability, once the independent PRBs report. *(Page 69, Paragraph 6.27)*

LGA view:

- We are disappointed that the Chancellor has ignored local government in his remarks about public sector pay. We are continuing to call for additional funding to cover the cost of adjusting the local government pay structure to take account of the National Living Wage. The 1.2 million staff who work in local government strive every day to provide essential services to our communities. Without additional funding it will be increasingly difficult to retain staff and sustain service levels.
- It is disappointing that the Government has not recognised now the issue of rewarding fire employees to reflect the positive impact that the broader work of fire and rescue services in collaborating with health and other partners could have. We will continue to call on the Government to provide sufficient funding to deliver the best outcomes for fire and rescue services, their communities, partners and employees.

Digital communications

The Chancellor announced:

- The Government will invest a further £160 million from the National Productivity Investment Fund in new 5G infrastructure. (*Page 52, Paragraph 4.47*)
- The Government is launching a new £190 million Challenge Fund that local areas around the country will bid for to encourage faster rollout of full-fibre networks by industry. (*Page 52, Paragraph 4.48*)
- The Government will shortly consult on commercial options to improve mobile communications for rail passengers and will invest up to £35 million to enable trials. This will be used to upgrade the Network Rail test track in Melton Mowbray, install trackside infrastructure along the Trans-Pennine route between Manchester, Leeds and York, and support the rollout of full-fibre and 5G networks. (*Page 52, Paragraph 4.49*)

LGA view:

- Extending excellent digital coverage across the country is key to ensuring all residents and businesses have access to 21st century digital connectivity. While investment in 5G technology is welcome, many outside our larger cities currently struggle to access 4G or even 3G technology. Non-metropolitan areas have a vital role to play in driving the growth of our economy but are being held back by poor connectivity. We call on the Government to fund trials of 5G in rural areas, to better understand its rural replicability, and determine its potential to improve broadband and mobile coverage to the benefit of residents, businesses and crucial services like remote healthcare.
- The provision of full fibre connectivity across the country will be vital to ensure residents have access to fast and reliable connectivity. We are pleased local areas will be able to access funding to help stimulate the market to extend coverage. For those residents who won't be reached by full fibre connectivity for some time, we have called for the Government to be more ambitious on the proposed speeds and scope of the Broadband Universal Service Obligation. A proposal that only aims to provide a minimum download speed of 10Mbps to those it reaches and leaves approximately 60,000 premises unserved cannot be the limit of the Government's ambition.
- The Government's proposals to trial new ways to improve connectivity on trains is positive. Poor mobile signal on our rail network is symptomatic of the low levels of mobile connectivity across many non-metropolitan areas. Where appropriate, the Government should explore how this investment can help improve the connectivity of nearby towns, villages and business parks. Local government is committed to exploring with the mobile industry, regulators and Government how best to ensure residents across

the country can benefit from public investment in new technology, wherever they live.

Clean air and diesel vehicles

The Chancellor announced:

- In support of the National Air Quality Plan published in July, the Government will provide £220 million for a new Clean Air Fund. This will allow local authorities in England with the most challenging pollution problems to help individuals and businesses adapt as measures to improve air quality are implemented. The Government is launching a consultation alongside Budget on options that could be supported by this fund. This will be paid for by:
 - A Vehicle Excise Duty (VED) supplement that will apply to new diesel cars first registered from 1 April 2018, so that their First-Year Rate will be calculated as if they were in the VED band above. This will not apply to next-generation clean diesels – those which are certified as meeting emissions limits in real driving conditions, known as Real Driving Emissions Step 2 (RDE2) standards.
 - A rise in the existing Company Car Tax diesel supplement from 3 per cent to 4 per cent, with effect from 6 April 2018. This will also apply only to diesel cars which do not meet the Real Driving Emissions Step 2 (RDE2) standards. (*Page 36, Paragraph 3.42*)

LGA view:

- We support further incentives to help motorists move to cleaner cars. Today's tax changes, and £220 million Clean Air Fund, are a step in the right direction.
- We would now like to see the Government build on this positive step, and go further by backing a national diesel scrappage scheme. This will enable us to both make transition to greener vehicles easier for car owners, and deliver cleaner air for our residents.

Support for Electric Vehicles

The Chancellor announced:

- To support the transition to zero emission vehicles, the Government will regulate to support the wider roll-out of charging infrastructure; invest £200 million, to be matched by private investment into a new £400 million Charging Investment Infrastructure Fund; and commit to electrify 25 per cent of cars in central government department fleets by 2022. The Government will also provide £100 million to guarantee continuation of the Plug-In Car Grant to 2020 to help consumers with the cost of purchasing a new battery electric vehicle. (*Page 46, Paragraph 4.15*)

LGA view:

- The Government needs to clarify how the infrastructure required to support electric vehicles will be put in place, and who will maintain it. Councils are keen to assist the Government in building a greener economy, but the provision of infrastructure will require a partnership of central government, local government and the private sector.

Potholes

The Chancellor announced:

- The Government is investing an additional £45 million in 2017/18 to tackle around 900,000 potholes across England. (*Page 51, Paragraph 4.43*)

LGA view:

- We welcome the additional funding to deal with the road maintenance backlog. However, this is not sufficient to deal with the £12 billion backlog of repairs.

Flooding

The Chancellor announced:

- An additional £76 million will be spent on flood and coastal defence schemes over the next three years. This funding will better protect 7,500 households and boost flood defence investment to over £2.6 billion between 2015/16 and 2020/21. Of this, £40 million will be focussed on deprived communities at high flood risk, boosting local regeneration. (*Page 52, Paragraph 4.50*)

LGA view:

- This provides clarity on how a proportion of the £700 million additional funding for flood defences announced at Autumn Budget 2016 will be allocated. It is vital that investment in capital and maintenance is joined-up as part of a long-term approach to improving local flood defence and resilience infrastructure. Devolving funding into a single place-based pot would allow local areas to support a more diverse set of outcomes and local priorities.

Environmental tax – reducing plastics waste

The Chancellor announced:

- The Government will launch a call for evidence in 2018 seeking views on how the tax system or charges could reduce the amount of single-use plastics waste, building on the success of the existing plastic carrier bag charge. (*Page 37, Paragraph 3.50*)

LGA view:

- Dealing with litter and fly-tipping is expensive and costs tax payers nearly £1 billion each year. We look forward to seeing the detail of the proposals and working with the Government to explore the options.

Cultural Development Fund

The Chancellor announced:

- To support the role culture can play in regeneration and local growth, the Government will provide £2 million funding to the Department for Digital, Culture, Media and Sport for place-based cultural development. (*Page 56, Paragraph 4.83*)

LGA view:

- Councils recognise the tremendous role that culture and heritage plays in helping to create places where people want to live, work and visit. While today's announcement is helpful, further funding would genuinely make a difference in creating culture-led, place-based development in communities.
- Despite significant reductions in central government funding, councils have adopted innovative ways of supporting and boosting culture and heritage. This includes setting up trusts to run cultural services, co-locating libraries with other public services, and reaching new audiences through digital innovation.
- Councils must play a central role in how this new fund is spent and distributed, which should complement existing commitments to the creative industries in the Industrial Strategy. Councils know their areas and are best placed to ensure any resources being deployed are spent as efficiently and effectively as possible, so their local communities, residents and businesses get the maximum benefits.

Centenary Fund

The Chancellor announced:

- At Spring Budget 2017 the Government announced £5 million for projects to celebrate the centenary of voting rights being extended to women for the first time in 1918. Today the Chancellor announced that £1.2 million of this will go to fund activities in seven cities and towns with strong links to the campaign for women's suffrage – Bolton, Bristol, Leeds, Leicester, London, Manchester, and Nottingham. The Government will allocate the rest to local and community projects, including a statue of Millicent Fawcett in Parliament Square, and other activities. (*Page 56, Paragraph 4.81*)

LGA view:

- The 1918 Representation of the People Act, giving women over 30 the right to vote, was a momentous occasion and it is right that we celebrate the enormous positive impact that this has had on society. These celebrations should be used to inspire a new generation of women to engage with and enter into politics.
- To enable effective planning for the celebrations the Government should make details of the fund available as soon as possible.

New duty band to target 'white cider'

The Chancellor announced:

- Following the consultation launched at Spring Budget 2017, the Government will introduce a new duty band for still cider and perry from 6.9 per cent to 7.5 per cent alcohol by volume (abv), to target white ciders. Legislation will be brought forward in Finance Bill 2018/19, for implementation in 2019, to allow producers time to reformulate and lower their abv. (*Page 38, Paragraph 3.58*)

LGA view:

- We support the announcement of a new duty band for still cider and perry. Our response to the consultation had urged the Government to introduce differential duty rates for ciders to help target high strength 'white' ciders.
- The availability of cheap, high strength ciders has been an ongoing concern for councils as it is linked to public disorder and health harm. The introduction of a new band will align high strength cider duties with those introduced for beer in 2011. This is something we have previously called for.

Hidden economy: conditionality

The Chancellor announced:

- The Government will consult further on how to make the provision of some public sector licences conditional on being properly registered for tax. This would make it more difficult to trade in the hidden economy, helping to level the playing field for compliant businesses. (*Page 39, Paragraph 3.69*)

LGA view:

- We support the Government's focus on preventing businesses from entering the hidden economy.
- Introducing tax registration as a condition of access to some business licences or permits is equivalent to other checks (for example, Disclosure

and Barring Service checks or right to work checks). They could, in principle, be incorporated into local government licensing processes.

- It will be important that any proposals do not duplicate information about licence holders that the Government already collects through returns such as the National Fraud Initiative.
- Equally, any changes must not shift the burden of checks and investigation from HMRC to licensing authorities. Instead, any new rules should enable licensing authorities to undertake a simple check on an applicant's tax status, with cases referred to HMRC in the event of any discrepancies.

Efficiency Review

The Chancellor announced:

- At Budget 2016, the Government announced that spending would be reduced by £3.5 billion over Spending Review 2015 plans in 2019-20. An Efficiency Review was launched to help deliver this. As announced at Autumn Statement 2016 the Government has reprioritised £1 billion of low value spend to fund new priorities, instead of putting savings toward deficit reduction as originally planned. *(Page 22, Paragraph 1.54)*
- A further £1.4 billion reduction has been delivered by a number of savings in low value spend, announced in the previous Parliament. *(Page 22, Paragraph 1.55)*
- Given potential new spending and administrative pressures faced by departments in 2019/20, the Government has decided not to proceed with the remaining £1.1 billion reduction in spending in that year. *(Page 22, Paragraph 1.56)*

LGA view:

- We have previously argued that none of the savings to be made from the Efficiency Review should fall on local authorities. The Government's decision not to proceed with the Efficiency Review will bring certainty councils.

Geospatial data

The Chancellor announced:

- The Government will establish a new Geospatial Commission to provide strategic oversight to the various public bodies who hold this data. *(Page 46, Paragraph 4.14)*
- The Government will work with the Ordnance Survey (OS) and the new Commission, by May 2018, to establish how to open up freely the OS MasterMap data to UK-based small businesses in particular, under an

Open Government Licence or through an alternative mechanism. (*Page 46, Paragraph 4.14*)

LGA view:

- Any new burden falling on local authorities resulting from this, including lost income, should be fully funded.

General Board Update

Purpose of report

For information.

Summary

Updates to the Board on activity in relation to transport and economy since the last Board meeting.

Recommendations

That the Environment, Economy, Housing and Transport Board note the updates detailed in the report.

Action

Officers to action as directed.

Contact officer:	Eamon Lally
Position:	Principal Policy Adviser
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General Board Updates

Background

1. Updates to the Board on activity in relation to environment, transport and economy since the last Board meeting.

Issues

Lane Rental Consultation response

2. In October the LGA submitted a response to the Government's consultation on the future of lane rental powers for street works. The LGA supports the further roll out of lane rental to any authority that wishes to make use of the powers as well as supporting the Government's further proposal on super permits. Our full submission is [here](#). The consultation is now closed and we are awaiting the Government's response.

Accessibility Action Plan Consultation response

3. In November the LGA responded to the Government's draft accessibility action plan consultation. The LGA welcomed the ambition behind the plan.
4. Our response stated that it was vitally important that as many transport options as possible are open to everyone and councils will do all they can to help meet the goals contained within the plan. With such a wide variety of schemes and investments mentioned there is a risk that the plan could become ill-focused. By listing every possible intervention that the Government is considering there is no focus on which measures could bring about the biggest improvements. There is no sense of prioritisation and about the trade-offs in other areas of policy that will be required. It is our hope that the action plan will begin a serious process of ensuring that all transport policy can be inclusive and capture the benefits of mobility for all. You can read our submission [here](#).

Air Quality

5. The LGA has continued its support for councils on tackling poor air quality.
 - 5.1. The LGA held a third seminar for officers from authorities directed by the Government to produce Air Quality plans following previous events held for authorities under different iterations of the Government's air quality plans for nitrogen dioxide. The event was an opportunity for authorities to share ideas, collaborate on best practice and a chance to feed back to the LGA on issues that councils have encountered in devising the plans. We also invited outside perspectives from the bus and freight industries to challenge and inform authorities' thinking on their plans.

5.2. The LGA recently submitted both written and oral evidence to two separate Parliamentary committees:

5.2.1. The All Party Parliamentary Group (APPG) on air quality and Clean Air Zones, and;

5.2.2. The Joint select committee inquiry: Improving air quality.

6. The LGA provided written evidence for both the APPG and the joint inquiry which were focused on the Government's approach on improving air quality and reaching compliance with EU limits on Nitrogen Dioxide. Cllr Adele Morris represented the LGA at both oral evidence sessions. Key messages to both groups were that providing clean air is the responsibility of central government, however, councils and local leadership have a role to play in helping the Government to deliver this responsibility but they need sufficient funding and to be accompanied by robust national action.
7. The LGA emphasised the need for a wider national strategy for developing cleaner air with support for targeted local intervention and national policy to develop a greener vehicle fleet and for the Government to give greater priority to demand management, and more active travel and public transport.

Support for town centres

8. As part of its 2017/18 improvement offer to councils the LGA held a seminar on 29th November for councils to support them in their efforts to help their town centres. The seminar included case studies from Warrington and Warwickshire councils and was attended by over 30 people. Partner organisations, including the British Property Federation (BPF), The Association of Town and City Managers (ATCM) and researchers from Loughborough University provided additional expert input.
9. LGA officers are planning further follow up support to councils and for elected members as a result of feedback from the seminar.

Judicial Review

10. The Board will recall from previous meetings that there is a judicial review of the VAT exemption on commercial waste services being undertaken by the Durham Company. HMRC and Treasury are defending the position that council commercial waste services should be exempt from VAT and the LGA are supporting HMRC as an interested party because of the potential financial impact on councils operating a commercial waste service.
11. The judicial review cleared the first hurdle in September, as the High Court judge ruled that the special legal regime is legal and rejected the private waste company's challenge to HMRC, the Treasury and the LGA as an interested party. The LGA supported the court case through expert legal advice and by providing a set of detailed written witness statements from councils.

12. The second part of the judicial review will test whether the VAT exemption for councils is distorting the market. HMRC and the Durham Company have exchanged reports on the operation of the commercial waste market and the extent to which the VAT exemption and council activity is influencing prices and the behaviour of businesses. The reports do not set out a conclusive view and further discussion is likely. There is no agreed date for the case to return to the High Court. The LGA is continuing to support HMRC and the Treasury, however at this point it is difficult to determine what further input will be required.

Lord Porter of Spalding CBE, LGA Chairman's meeting with Secretary of State for the Environment

13. The Chairman met with Michael Gove on 25th October 2017. This was a very useful meeting in which the Secretary of State was keen to hear the views of local government. A range of topics were discussed. On flooding he recognised that there was a need to work on delivering more houses which will be better protected from flooding in the future. He also acknowledged that councils have to invest a lot of funding in flood protection and so is interested in any good or bad practise around flooding funding. There was a brief discussion about Grenfell Tower and how Government could work with councils to make sure every council is as resilient as possible. On air quality he indicated that there would be further funding available to help some councils scope local schemes. When discussing waste he recognised local government as having an excellent record on kerbside collection. His focus will be more towards avoidable waste and working further with industry to get increased co-operation. He is very happy to have us further involved in the work around deposit return schemes and flagged up some future documents which he would be happy to share with us.

Chairman's meeting with Secretary of State for Transport

14. The Chairman of the LGA and Chairman of LGA's Economy, Environment, Housing and Transport Board met with the Secretary of State for Transport, Chris Grayling MP, on 25th October 2017. There was constructive discussion across a range of issues including the importance of continued central and local government investment in local transport infrastructure. The SoS was sympathetic to the EEHT Chairman's concern that local transport funding remained fragmented and too short-termist, and subject to competition, resulting in uncertainty and missed opportunities for securing the best long-term outcomes, efficiencies and innovation. The Major Roads Network was also discussed, with the EEHT Chairman welcoming Government support but emphasising that additional investment should not just be about creating new bypasses, but seen as a genuine opportunity to tackle congestion, capacity and maintenance issues on these key routes. There was also discussion on possible solutions to address the funding gap on local bus services. The SoS suggested that the nature of bus provision is likely to change over the coming years, with more Uber style, demand-led services replacing traditional services. The EEHT Chairman agreed that this made sense up to a point, and that

some councils, including his, were trialling this, but that such services need to be accessible for all people.

Implications for Wales

15. None.

Financial Implications

16. None.

Next steps

17. That the Environment, Economy, Housing and Transport Board note the updates detailed in the report.

Note of last Environment, Economy, Housing & Transport Board meeting

Title:	Environment, Economy, Housing & Transport Board
Date:	Friday 6 October 2017
Venue:	5th Floor Board Room, 5th Floor (North side), Layden House, 76-86 Turnmill Street, London, EC1M 5LG

Attendance

An attendance list is attached as **Appendix A** to this note

Item	Decisions and actions
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1	Apologies and Declarations of Interest
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Apologies were received from Cllr Peter Thornton, Cllr Blake Pain and Cllr Tony Newman.

Cllr Phillip Broadhead, Cllr Jon Clempner and Cllr Stuart Golton attended as substitutes.

2	DCLG Consultation on 'Planning for the right homes in the right places'
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The Chairman welcomed Sarah Fox, Head of Planning Policy from the Department for Communities and Local Government (DCLG) who had attended to discuss proposals to take forward a number of measures set out in the government's housing white paper to boost housing supply in England. These proposals were set out in the DCLG consultation 'Planning for the right homes in the right places' published on 14 September 2017.

Nick Porter, Senior Adviser, introduced the report and provided a summary of the consultation proposals and set out potential issues for members to consider and discuss. He particularly emphasised the difficulties of a single national formula to understand local housing markets.

In the discussion which followed, these points were made;

- In response to a concern raised that the proposed methodology focused on a top down approach, Sarah emphasised that it was DCLG's intention that Local Authorities be able to use a different methodology, should they have a clear reason to do so.
- Concerns were raised as to the current proposals not taking into account the disparity between the housing markets in different local authorities.
- Concerns were raised as to the great deal of uncertainty for local authorities following this announcement.
- Members requested a map to give clarity as to how this is impacting different local authority areas across England.

The Chairman summarised the views and concerns of the Board as follows;

- That it would be crucial for central government to take into account local areas infrastructure in greater depth going forwards.
- That regarding viability, Councils need greater powers to ensure homes are built in appropriate time after permission is given.
- That regarding the proposed methodology DCLG would need to place a greater emphasis on local factors.
- That further engagement from Ministers would be of great value to local government.
- That local authorities will need further information on the National Planning Policy Framework.

Decision

The Board considered and discussed the key proposals within the consultation and provided a steer on the LGA's response.

Action

1. Officers would pursue further information regarding the NPPF from DCLG.
2. Officers to circulate a map from DCLG showing the impact on authorities in England to Board members.
3. Officers to incorporate Members steer into the LGA's response on the DCLG Consultation.

3 Grenfell Tower and fire safety in high rise buildings

Eamon Lally, Principal Policy Adviser, introduced the report which provided an update on the LGA's work following the Grenfell Tower tragedy in June and actions taken by central and local government in response to the fire. He explained that DCLG and the LGA was working to ensure we understood the numbers of tower blocks that might have similar cladding to that on Grenfell Tower and that could be at risk, and the LGA is particularly working to ensure the resources are in place for local authorities to respond to the situation. He also explained that DCLG are now turning their attention to private sector blocks and how to ensure that they have sufficient fire safety, and the Department has confirmed Councils will have a role in this. Eamon emphasised that it is still unclear as to what would be happen should a landlord be uncooperative.

Eamon also outlined the ongoing work to identify Large Panel System built buildings that might require strengthening work. This follows concerns raised in respect of four tower blocks in Southwark , that were meant to have been strengthened following the Ronan Point Collapse in 1968, but were subsequently found to require additional strengthening.

Eamon explained the current key LGA priorities were:

- Ensuring buildings are safe;
- Clarity as to Government providing local authorities with resources for any

- required changes; and
- An immediate review of building regulations and fire safety guidance.

In the discussion which followed, the following points were raised;

- Eamon explained that the LGA's Leadership Board takes on overall responsibility for the LGA's Grenfell work.
- Following a query from the Chairman, Eamon explained there had already been some cases of private sector resistance to required remedial work on high rise flats.
- A view was expressed that local authorities should have a role in scrutiny of housing association properties, and their fire safety measures.
- Following a concern raised as to what powers local authorities could have in enforcing that fire safety measures are taken on private sector properties Eamon explained that Government has provided guidance on legal powers but has also advised local authorities seek their own legal advice.
- A concern was raised that the lack of clarity on regulation from Government was of real concern.
- A view was expressed that it would be helpful for Board Members to receive a statement regarding what Council duties and powers were regarding the private sector issue.
- A view was expressed that local authorities would need clarity as to their responsibilities on University accommodation.
- The Chairman emphasised that local authorities would need further clarity on the powers Councils have when ensuring fire safety is in place in private properties.

Decision

Members of the Environment, Economy, Housing and Transport Board:

1. Noted the LGA's work to support local authorities arising from the Grenfell Tower Fire.
2. Provided comments on the actions that have been taken nationally and locally to identify and address fire safety issues in buildings over 18 metres.
3. Provided comments on the initial draft of the LGA's submission to the call for evidence from Dame Judith Hackitt's review of building regulations and fire safety.

Actions

1. Officers to incorporate Members views into the draft submission to the call for evidence from Dame Judith Hackitt's review of building regulations and fire safety.
2. Officers to circulate a statement regarding what Council duties and powers were regarding the private sector issue.

4 Environment, Economy, Housing and Transport Board 2017/18: Terms of Reference, Membership and Appointments to Outside Bodies

The Chairman introduced the report setting out how the Environment, Economy, Housing and Transport Board operates and how the LGA works to support the objectives and work of its member authorities.

Decision

The Environment, Economy, Housing and Transport Board:

1. Agreed its Terms of Reference;
2. Formally noted the membership for 2017/18;
3. Noted the Board meeting dates for 2017/18; and
4. Agreed the Board's nominations to outside bodies.

5 Environment, Economic, Housing and Transport Board Priorities 2017-18

Eamon Lally, Principal Policy Adviser, introduced the report setting out a draft list of priorities for the Board together with a draft work programme for the period to July 2018.

In the discussion that followed, the following points were raised;

- Nick Porter indicated that there are a number of announcements the LGA are anticipating which will need to be priorities for the Board, such as the Housing Green Paper.
- The Chairman asked that an update on the Housing Green Paper come to the Board later in the year.
- A view was expressed that further discussion on homelessness and rough sleeping was welcome on the Board's priorities for the year.
- In response to a query, Nick informed the Board that a paper on the private rented sector would come to the Board later in the year.

Decisions

Members are asked to consider and agree a final version of the Board's priorities and work programme.

Actions

Officers to incorporate Members views and comments into the work programme.

6 Minutes of the previous meeting

The Minutes of the previous meeting were agreed.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr Martin Tett	Buckinghamshire County Council
Vice-Chairman	Cllr Judith Blake CBE	Leeds City Council
Deputy-chairman	Cllr Adele Morris	Southwark Council
	Cllr Rachel Eburne	Mid Suffolk District Council
Members	Cllr Alistair Auty	Wokingham Borough Council
	Cllr Simon Cooke	Bradford Metropolitan District Council
	Cllr Lynne Duffy	Wychavon District Council
	Cllr David Renard	Swindon Borough Council
	Cllr Mark Mills-Bishop	Broxbourne Borough Council
	Cllr Colin Davie	Lincolnshire County Council
	Cllr Helen Holland	Bristol City Council
	Cllr Ed Turner	Oxford City Council
	Cllr Rachel Blake	Tower Hamlets Council
	Cllr Gillian Campbell	Blackpool Council
	Cllr Michael Mordey	Sunderland City Council
	Cllr Peter Thornton	Cumbria County Council
	Cllr Linda Gillham	Runnymede Borough Council
Apologies	Cllr Blake Pain	Harborough District Council
	Cllr Tony Newman	Croydon Council
In Attendance	Cllr Philip Broadhead	Bournemouth Borough Council
	Cllr Jon Clempner	Harlow District Council
	Cllr Stephen Parker	Hart District Council

LGA location map

Local Government Association

18 Smith Square
London SW1P 3HZ

Tel: 020 7664 3131

Fax: 020 7664 3030

Email: info@local.gov.uk

Website: www.local.gov.uk

Public transport

18 Smith Square is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are

St James's Park (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

Bus routes – Horseferry Road

507 Waterloo - Victoria

C10 Canada Water - Pimlico - Victoria

88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Bus routes – Millbank

87 Wandsworth - Aldwych

3 Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at www.tfl.gov.uk

Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at 18 Smith Square. Please telephone the LGA on 020 7664 3131.

Central London Congestion Charging Zone

18 Smith Square is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at www.cclondon.com

Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park
Horseferry Road/Arneway Street. Visit the website at www.westminster.gov.uk/parking

