

Autumn Statement 2016

Purpose

For discussion and direction.

Summary

This report highlights the announcements in the 2016 Autumn Statement with a direct impact on the work programme of the People and Places Board and consequently asks Board Members to provide a steer on how best to balance priorities in the year ahead.

Recommendation:

That the People and Places Board:

1. **Note** announcements contained in the 2016 Autumn Statement with a direct impact on the work programme of the Board and LGA related activity.
2. **Consider** the proposal to prioritise the wider work of the Board in the short term in anticipation of a substantial role in shaping the LGA's response to the national industrial strategy due for release at the end of January.

Action:

Officers to take forward as directed by members.

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Autumn Statement 2016

1. The Chancellor of the Exchequer delivered his first and last Autumn Statement on 23 November. In anticipation and in response, the LGA embarked on a significant and sustained campaign of press and lobbying activity, highlighting the three priorities set out in our Autumn Statement [submission](#):
 - 1.1 Creating the conditions for change: maintaining momentum on devolution and putting councils on a sustainable footing.
 - 1.2 Delivering opportunities for all: ensuring national and local government work together to develop the infrastructure required to ensure each area of the country can contribute to, and benefit from, economic growth.
 - 1.3 Supporting everyone to contribute and benefit: supporting other vital council services that allow councils to continue taking care of their communities.
2. We also produced and circulated an [on-the-day briefing](#) to councils and other key stakeholders and have committed to following up with departmental officials on the detail of specific announcements.
3. From the perspective of the LGA, the Statement was notable for its failure to address a number of key issues for local government. In particular, adult social care and the education services grant.
4. Following a concerted effort by the LGA and others the government used the provisional local government finance settlement to create additional flexibility by allowing the social care precept to rise by an additional 1 per cent in 2017/18 and 2018/19 on the condition that the total increase to 2019/20 does not exceed 6 per cent. However, no new money was included in the settlement and social care continues to face a £2.6 billion funding gap. The LGA's [on-the-day briefing](#) provides further analysis.
5. More specifically, within the context of the People and Places Board's work programme two areas of focus, digital infrastructure and devolution, present a somewhat contrasting picture.
6. On digital infrastructure our submission highlighted the fact that access to a fast and reliable digital connection is increasingly a necessity for households and businesses in the UK and a major driver of growth, jobs and the emerging creative industries.
7. Through the Autumn Statement the Chancellor announced that the Government will invest more than £1 billion by 2020/21 in digital infrastructure including:
 - 7.1 £740 million through the National Productivity Infrastructure Fund, targeted at supporting the roll out of full-fibre connections and future 5G communications and;
 - 7.2 £400 million match funded by the private sector for a new Digital Infrastructure Investment Fund.
8. In response, while we recognised the announcement of new investment for digital infrastructure as good news, we called on the government not to lose sight of the needs

of rural communities already struggling to receive a basic broadband service and highlighted the need to encourage new entrants into the broadband market to benefit those communities outside better connected areas.

9. Officers are currently following up with DCMS officials on how councils will be able to access the announced funds and have actively engaged with Infrastructure Commission to influence the government's thinking this area.
10. A separate item on the agenda sets out the LGA's proposed work on digital connectivity over the next few months, but it is worth reflecting that this area is both a priority for the government and one where the Board has clear opportunity to secure significant influence in addition to positive outcomes for member councils and residents.
11. By contrast the Autumn Statement had relatively little to say on devolution – announcing work to bring forward a second devolution deal in the West Midlands, a commitment to begin talks to devolve transport funding to Greater Manchester and setting out proposals to allow Mayoral Combined Authorities to borrow for new investment. Notably, there were no announcements relating to devolution to non-metropolitan areas.
12. At the November meeting of the People and Places Board, Members were clear that the Autumn Statement represented a clear milestone for non-metropolitan devolution and called for the LGA to lobby strongly on its behalf for greater progress and engagement from government.
13. As such, the LGA's response highlighted the fact that if momentum on non-metropolitan devolution is lost, billions of pounds worth of economic growth, hundreds of thousands of jobs and homes on offer through greater local leadership will be lost with it. We also called for the new borrowing powers for Mayoral combined authorities to be made available to all devolution deal areas.
14. We reiterated these points in our response to the Secretary of State's Annual Report on Devolution 2015-16.¹ Just before the New Year we also announced the findings of commissioned research by Shared Intelligence which revealed £23 billion of growth funding is spread out across 70 government departments and stressed the important role local devolution can play in building homes and driving economic growth.²
15. On behalf of the Board we have sought and will continue to seek a meeting with the Secretary of State to discuss the specific challenges and opportunities of rural and non-metropolitan areas. It should be noted that the Secretary of State is currently scheduled to attend Councillors Forum on 19 January. Members may wish to work with their groups to ensure these issues are raised at this meeting in advance of securing a meeting with the Board at a later date.
16. Board members will be conscious of the differential pace of devolution both within and between metropolitan and non-metropolitan areas. In discussions with LGA officers, officials from the Department of Communities and Local Government have maintained

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573518/Annual_Report_on_Devolution_2015-16_Print.pdf

²http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/8124410/NEWS

that devolution remains a priority for national government, but have stressed that significant work remains to be done to support the legislative process underpinning the existing round of deals and prepare the ground in advance of Mayoral elections in May. This could have a knock on effect on the capacity available to progress other devolution proposals.

17. As part of its agreed [business plan for 2016-17](#) the LGA is committed to working with councils to help them increase the powers and responsibilities devolved to them from Government. However, in light of the continued uncertainty regarding the government's vision and capacity for non-metropolitan devolution and the challenges of gaining traction at a national level on this issue it may be appropriate to consider a change in the short-term focus of the board's priorities.
18. **As such, it is suggested that rather than continuing to develop a narrative in which the LGA focuses on calling for devolution deals to be negotiated in non-metropolitan areas, we maintain support for the underlying principle of greater devolution while prioritising those areas in the Board's work programme where the greatest practical progress might be made: Brexit, Leading Places, Digital Connectivity and Employment and Skills.**
19. **We also expect the Secretary of State for Business, Energy and Industrial Strategy to launch a 'green paper' on the national industrial strategy towards the end of January. Given the remit of the Board it is suggested Members may wish to add to the priorities identified above and play an active role in shaping the LGA's response to this consultation, with a substantial discussion on this item at the next Board meeting in March.**
20. **In support of this work and in line with previous advice to the Board, LGA officers are currently in the process of commissioning research into a strengthened sub-national trade and investment strategy. This will include consideration of the challenges and opportunities for both metropolitan and non-metropolitan areas within the context of Britain's departure from the EU. Officers will circulate emerging findings from this work to Lead Members and it will be used to develop the LGA's wider policy activity in the year ahead.**