

Autumn Budget 2017: Implications for Local Government

Purpose

For information and discussion.

Summary

This report provides an update on the local government related announcements made by the Chancellor at the Autumn Budget on 22 November.

Recommendation

For Members of the Resources Board to note the report.

Action

Officers to proceed as directed.

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Introduction

1. The Chancellor delivered his Autumn Budget on 22 November 2017. A Spring Statement, providing an update on the economy and associated OBR forecasts, will be delivered next year but it will not include policy announcements. The Government has confirmed it will not seek representations ahead of the Spring Statement.
2. The LGA produced [an on-the-day briefing](#), providing a summary of all announcements relevant to local government and the LGA's work. The following were the key messages:
 - 2.1. 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.
 - 2.2. 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.
 - 2.3. The Budget has taken a step in the right direction 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 if the Government is serious about meeting its target of 300,000 additional homes per year.
 - 2.4. 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. The Government should use the upcoming Local Government Finance Settlement to make this happen and publish the planned Fair Funding Review consultation as soon as possible to ensure that confidence in the review is preserved.
 - 2.5. 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. (Please refer to Item Six for further details).

Implications for Wales ¹

3. While the Chancellor's Budget is a major fiscal event with an impact on Wales, local government issues are for the most part devolved to the Welsh Assembly.

Financial implications

4. This is core work for the LGA and is budgeted for within the 2017-18 LGA budget.

¹ *The WLGA pays a membership fee to the LGA on behalf of all Welsh councils and we lobby for them on "non-devolved" issues - e.g. DWP work. The WLGA provides "top-slice" for workforce support, but none for "improvement".*