

Spring Statement 2019

Purpose

For information and discussion.

Summary

This report provides a summary of the 2019 Spring Statement announced by the Chancellor, Philip Hammond on 13 March 2019, including key announcements and the LGA response.

Recommendation

That the LGA Leadership Board note the report.

Action

Officers to proceed as directed.

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Spring Statement 2019

Introduction

1. The Chancellor, Philip Hammond MP delivered his [2019 Spring Statement](#) on 13 March 2019. He set out the direction of the Government's thinking on the Spending Review and a range of areas of interest to local government, as well as an update on the progress of previously made commitments.
2. Similar to last year, the Chancellor did not seek submissions in advance of the Spring Statement, as the annual 'major fiscal event' continues to be the Autumn Budget.
3. In response to the Spring Statement, we issued a [media statement](#) and sent a [bulletin](#) to our member councils summarising the relevant announcements (please see Appendix A for a summary of the relevant announcements). We will also continue to respond on behalf of the councils, including briefing for parliamentary debates and engaging in discussions with the Government.

Key announcements

2019 Spending Review

4. The Chancellor confirmed that, subject to an EU exit deal being agreed in the next few weeks, the Government will hold a Spending Review which will be launched before the 2019 Summer Recess and conclude alongside the 2019 Autumn Budget. This will set departmental budgets, including 3-year budgets for resource and capital spending (covering 2020/21 to 2022/23). The Spending Review is discussed in more detailed elsewhere in the agenda.

Government consultations and reviews

5. The Chancellor set out the Government launched consultations on the following topics of interest to councils:
 - 5.1. The Government has published a [consultation on its Infrastructure Finance Review](#) that will look at the Government's tools for supporting private investment, and how they are delivered, in the context of the UK's changing relationship with the European Investment Bank. The deadline for responses is 5 June 2019.
 - 5.2. The Government has launched its [review of the Aggregates Levy](#). The initial discussion paper sets out the rationale for the review, the terms of reference and scope of the review, and how stakeholders can engage.
6. Future consultations covered in the Spring Statement include:
 - 6.1. A consultation on Planning for Future High Streets will explore potential changes to help local areas make better use of planning tools to support their local high streets, including through Compulsory Purchase Orders and Local Development Orders.

- 6.2. A publication on the Future of Mobility: Urban Strategy will set out the Government's approach to putting the UK at the forefront of mobility, and responding to the significant changes taking place in transport technology – such as the growth in electric vehicles and the development of self-driving vehicles.

Implications for Wales

7. The 2019 Spending Review will have implications for local authorities in Wales. The funding of Welsh local authorities is a devolved matter in Wales although we will continue to explore with the Welsh LGA opportunities to work together on the Spending Review. We have not been able to assess the implications for Wales of the consultations and reviews announced in the 2019 Spring Statement and will discuss with the Welsh LGA.

Financial implications

8. This work is part of the LGA's core programme of work and as such has been budgeted for in 2017/18 and 2018/19 budgets.

Appendix A. Spring Statement 2019 – announcements relevant to local government

Public spending and the 2019 Spending Review

- As part of its [Economic and Fiscal Outlook report](#) published alongside the Spring Statement, the Office for Budget Responsibility (OBR) has concluded that:
 - Economic growth in the UK and globally has slowed since the 2018 Budget in October, with a downward revision to the near-term GDP forecast.
 - But tax receipts have performed better than expected in the final months of 2018-19 and the OBR has judged that much of this buoyancy will endure.
 - Together with downward pressure on debt interest spending from lower market interest rates, this delivers a modest medium-term improvement in the public finances.
 - The Chancellor has banked most of the improvement in the public finances in lower borrowing, but has spent some on higher planned public services spending.
- The Chancellor confirmed that, subject to an EU exit deal being agreed, the Government will hold a Spending Review which will be launched before the 2019 Summer Recess and conclude alongside the 2019 Autumn Budget. This will set departmental budgets, including 3-year budgets for resource spending (covering 2020/21 to 2022/23).
- As the part of the 2019 Spending Review, the Government will run a zero-based review of capital spending.
- The Spending Review will have a renewed focus on the outcomes achieved for the money invested. Alongside the Statement, the Government has published a revised version of the [Public Value Framework](#), aimed at Government departments, with accompanying guidance.
- The Government will provide an extra £100 million to Police and Crime Commissioners in 2019/20, ringfenced to pay for additional police force overtime targeted specifically at knife crime and for new violent crime reduction units.

Government consultations and reviews

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 - The Government has published a [consultation on its Infrastructure Finance Review](#). The review will look at the Government's tools for supporting private investment, and how they are delivered, in the context of the UK's changing relationship with the European Investment Bank. The deadline for responses is 5 June 2019.
 - The Government has launched its [review of the Aggregates Levy](#). The initial discussion paper sets out the rationale for the review, the terms of reference and scope of the review, and how stakeholders can engage. The paper also sets out the membership of an expert working group.
- Future consultations covered in the Spring Statement include:

- A consultation on Planning for Future High Streets will explore potential changes to help local areas make better use of planning tools to support their local high streets, including through Compulsory Purchase Orders, Local Development Orders, and other innovative planning measures.
- A publication on the Future of Mobility: Urban Strategy will set out the government's approach to putting the UK at the forefront of mobility, and responding to the significant changes taking place in transport technology – such as the growth in electric vehicles, the development of self-driving vehicles and advances in data and internet connectivity.

Other announcements and progress on commitments made previously

- The Government has announced that in the coming months, it will publish the following in relation to planning reform:
 - Additional planning guidance to support housing diversification on large sites, in response to the review by Sir Oliver Letwin and with the aim of improving build-out rates once planning permission has been granted.
 - A package of reforms, including allowing greater change of use between premises, and a new permitted development right to allow upwards extension of existing buildings to create new homes.
 - A Green Paper setting out proposals on how greater capacity and capability, performance management and procedural improvements can accelerate the end-to-end planning process.
- The Government announced a new £3 billion Affordable Homes Guarantee scheme, to support delivery of around 30,000 affordable homes. In addition to this, the Chancellor announced allocations of the Housing Infrastructure Fund to new areas.
- The Chancellor confirmed that the Government will use the forthcoming Environment Bill to mandate biodiversity net gain for development in England.
- The Government will introduce a Future Homes Standard by 2025, future-proofing new build homes with low carbon heating and world-leading levels of energy efficiency.
- The Government has confirmed its commitment to provide additional funding to the British Business Bank for venture and growth capital, as we leave the European Union and our relationship with the European Investment Fund changes.
- The Government restated its commitment to publishing a comprehensive National Infrastructure Strategy, setting out its priorities for economic infrastructure and responding to recommendations in the National Infrastructure Commission's National Infrastructure Assessment alongside the 2019 Spending Review.
- The Chancellor referred to allocations relating to previously announced schemes: £60 million of the Transforming Cities Fund (announced at Budget 2017) and £53 million from the Local Full Fibre Networks Wave 3.
- The Chancellor confirmed up to £260 million as part of a Borderlands Growth Deal. On top of the £102 million announced recently for the Carlisle Southern Link Road from the Housing Infrastructure Fund.
- The Government confirmed that, as announced in the 2018 Budget, the Apprenticeship Levy co-investment rate will be halved from 10 per cent to 5 per cent, and the amount

employers can transfer to their supply chains would increase to 25 per cent. These changes will now take effect from April 2019.

- The Chancellor announced that the Government will fund the provision of free sanitary products in secondary schools and colleges in England from the next school year.
- The Government will respond to the House of Lords Economic Affairs Committee [report on the Retail Prices Index \(RPI\) and its measurement](#) in April, following discussion of relevant issues with the UK Statistics Authority.