

## **Autumn Statement 2016**

### **Purpose of report**

For information.

### **Summary**

This report highlights the announcements in the 2016 Autumn Statement with implications for local government. The full [on-the-day briefing](#) is available online.

### **Recommendation**

That the LGA Executive note the content of the report.

### **Action**

LGA Officers to proceed as directed.

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## **Autumn Statement 2016**

### **Background**

1. The Chancellor of the Exchequer delivered his 2016 Autumn Statement on 23 November. The LGA provided councils, MPs and Peers including our Vice Presidents and selected stakeholders with an on-the-day briefing on the key announcements relevant to local government. We will also be following up with departmental officials on the detail of the announcements and providing further briefings and responses as required.
2. This is the final Autumn Statement. After the 2017 Budget (due to take place in the spring), the Government will move to Budgets being announced in the Autumn. The Chancellor will still respond to economic forecasts made by the Office of Budget Responsibility in March each year, but these are not intended to be major fiscal events.
3. The [on-the-day briefing](#) contains most of the proposals affecting councils.

### **LGA Autumn Statement on the day briefing key messages**

4. We are disappointed that the Government has failed to address a number of issues of significance to local government:
  - 4.1 Social care: Councils, the NHS, charities and care providers have been clear about the desperate need for the Chancellor to take action to tackle the funding crisis in adult social care. It is unacceptable that this has not been addressed in the Autumn Statement. The Government must take urgent action to properly fund social care if councils are to stand any chance of protecting the services which care for the elderly and vulnerable. Extra council tax-raising powers will not bring in enough money to alleviate the pressure on social care and councils will not receive the vast majority of new funding in the Better Care Fund until the end of the decade. Services supporting elderly and vulnerable people are at breaking point now. We cannot ignore this challenge any longer and the Government must inject genuinely new additional funding.
  - 4.2 Education Services Grant: The Government is pressing ahead with the planned £600 million cut to the Education Services Grant, despite deciding not to go ahead with the Education for All Bill which would have removed councils' school improvement duties. Councils will now have duties with no funding to pay for them.
- 5 Government department spending control totals remain unchanged. We expect further information on spending priorities in departmental announcements. It is clear that additional funding is needed to address the aforementioned funding pressures and we would welcome publication of the Local Government Finance Settlement as soon as possible.
- 6 The Government has consulted on reforms to the New Homes Bonus and we expect to see a response to this consultation in the Finance Settlement.

- 7 It is good news for local government that the Autumn Statement has accepted our call for measures to boost affordable housebuilding, which must be supported by adequate infrastructure, and which would help councils make a start on tackling some of the nation's road repairs backlog and improve broadband.
- 8 We welcomed the pre-Autumn Statement announcement that the planned pay to stay policy is to become voluntary. We need urgent clarification regarding the Government's intention regarding receipts from high value asset sales.
- 9 The next few years will be extremely challenging for councils who we estimate face an overall £5.8 billion funding gap by 2020. Many councils are faced with difficult decisions about which services are scaled back or stopped altogether. The Government must allow local government to use the extra business rates income it will keep by 2020 to plug this growing funding gap.

#### **LGA activity prior to and on the day of the Autumn Statement**

- 10 Prior to the Autumn Statement, the LGA published a submission which positioned local government as a willing and essential partner in driving growth and opportunity for all. We argued that councils' maximum contribution to the Government's vision of a 'society that works for everyone' required action on three broad objectives:
  - 10.1 Creating the conditions for change: maintaining momentum on devolution and putting councils on a sustainable footing
  - 10.2 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
  - 10.3 Supporting everyone to contribute and benefit: supporting other vital council services that allow councils to continue taking care of their communities.
- 11 The media team prepared a plan of sustained activity to push the key asks of our submission. Since we published our submission, this plan resulted in LGA mentions in 50 separate Autumn Statement media stories on our many of our asks including the need extra social care funding, the ability for councils to build homes and other key areas such as broadband, roads funding, bus services and school improvement. This resulted in around 150 national media hits.
- 12 On the day of the Autumn Statement, the following media activity also took place:
  - 12.1 We issued a statement from Lord Porter criticising the Chancellor's failure to address the social care funding crisis. It also warned of the £5.8 billion funding gap facing local services by 2020 and called on local government to be able to use extra business rates it will keep by the end of the decade to help plug this gap. This was covered by the Times, Guardian, BBC, Sky News and the Mail. Lord Porter responded to the Autumn Statement in interviews on both BBC News and LBC.

- 12.2 A further statement from Chairman of the Community Wellbeing Board Cllr Izzi Seccombe was issued on the crisis facing social care and need for government to treat tackling it as a national priority. This was covered by the Guardian.
  - 12.3 Lord Porter also responded to new measures to boost affordable housebuilding, reinforcing the need for the Government's forthcoming Housing White Paper to give councils the powers and funding to build new homes. This was covered in the Times and Guardian's Autumn Statement supplements.
  - 12.4 EEHT Chairman Cllr Martin Tett's response to extra funding for local roads in England was reported by the BBC and Mirror. His statement warned it would take £12 billion to tackle the current roads repair backlog.
  - 12.5 We issued a statement from People and Places Board Chairman Cllr Mark Hawthorne on the Chancellor's pledge to invest £1 billion in improving broadband and 5G connectivity.
  - 12.6 A statement was also issued on the role local government can play in making the Government's Industrial Strategy a success. This includes greater local control over growth funding and money for employment support. The quote, from Cllr Tett, also called for guarantees around EU funding up to 2020 and the need for a successor scheme of at least equal value when we leave the EU.
- 13 In Parliament we promoted our Autumn Statement submission through debates, parliamentary questions and responses to committee inquiries. Set out below are highlights, including:
- 13.1 Our Chairman Lord Porter asking a range of parliamentary questions in the House of Lords to promote our Autumn Statement submission. In particular Lord Porter asked questions about the Government's assessment of the financial pressures facing local authorities and the need for councils to have greater financial autonomy when setting Council Tax, progress with devolution, and the allocation of funding for services such as mental health.
  - 13.2 We provided a series of parliamentary briefings referencing our Autumn Statement recommendations. This included briefings on social care, housing, broadband, education and social mobility and addressing the root causes of poverty. A particular highlight was the work of the LGA being quoted in an Opposition Day debate motion and our analysis being used by MPs during their discussions.
  - 13.3 We submitted evidence to a range of parliamentary committees, promoting our Autumn Statement proposals. This included providing evidence on the sustainability of local authority finances, the challenges facing adult social care, NHS financial sustainability, the Industrial Strategy and post-16 skills provision (the full list of responses is copied below):

Committee	Inquiry
<b>Communities and Local Government</b>	Adult social care
<b>Public Accounts</b>	The financial sustainability of local authorities
<b>Business, Energy and Industrial Strategy</b>	Industrial strategy
<b>House of Lords Committee on the long-term sustainability of the NHS</b>	Long-term sustainability of the NHS
<b>British-Irish Parliamentary Assembly</b>	Childhood obesity
<b>Sub-Committee on Education, Skills and the Economy</b>	Post-16 education area reviews
<b>All-Party Parliamentary Group for Children</b>	Children's social care
<b>House of Lords Committee on Financial Exclusion</b>	Financial exclusion
<b>Health</b>	Brexit and health and social care

- 14 The LGA has used our Autumn Statement submission to support our lobbying on key legislation to local government being debated in Parliament. This included:
- 14.1 Homelessness Reduction Bill:** we secured a commitment from Government to fund the new duties under the New Burdens Doctrine. We have also used this Bill as an opportunity to push for a national drive to bring all agencies together to tackle homelessness, a key ask in our submission.
  - 14.2 Bus Services Bill:** in the House of Lords Peers agreed two amendments to the Bill that remove the need for the Secretary of State to approve franchising powers and retain council powers to form new municipal bus companies, were passed.
  - 14.3 Digital Economy Bill:** we have supported amendments that sought to strengthen the Government's pledge to introduce minimum speeds of broadband for all through the Universal Service Obligation (USO).
  - 14.4 Neighbourhood Planning Bill:** we've used the to push for the introduction of locally-set planning fees. Our call for adequate resourcing of planning departments was quoted widely by MPs and echoed by the wider housing and planning sector.
- 15 On the day of the Autumn Statement, officers also produced an on-the-day briefing which has been downloaded 1,300 times. The briefings was shared with leaders, portfolio holders, chief executives, directors of finance and directors of communications via an e-bulletin which was read more than 2,000 times.
- 16 Our activity was well-represented on social media through the live blog (achieving 1,770 views) and Twitter (15 tweets with 37,301 impressions).

- 17 We got our key Autumn Statement messages out to 18,000 LGA elected members via a news story, feature, and comments from the chairman and group leaders, in first 606, arriving with readers on 1 December.

### **Next steps**

- 18 Members are asked to note the report and the content of the briefing available to view online [via this link](#).
- 19 The new Chancellor's approach to major fiscal events means that individual Government departments will have a stronger role in making policy announcements which would have normally been reserved to Budgets and Autumn Statements.
- 20 In light of this, it is possible that the local government finance settlement will contain more policy announcements relevant to local government, including funding for social care. At the time of writing, the date of the publication of the draft 2017/18 local government finance settlement was unclear.
- 21 Officers will update members on progress regarding the announcements made in the Autumn Statement as and when required through normal LGA business.
- 22 The LGA will also continue to lobby on policy positions set out in the Autumn Statement submission.

### **Implications for Wales**

- 23 The Autumn Statement has implications for the public sector across the United Kingdom. However, the on-the-day briefing has focussed on issues that have an impact on English local government.
- 24 Implications for Welsh local government are related to devolved issues and as such the impact will be determined in part by the decisions taken by the Welsh Assembly.

### **Financial Implications**

- 25 This is core work for the LGA and is budgeted for within the 2016/17 LGA budget.