**Autumn Statement 2016**

**Purpose**

For discussion and direction.

**Summary**

This report highlights the announcements in the 2016 Autumn Statement and asks Board Members to consider a role in shaping the LGA’s response to the forthcoming ‘Modern Industrial Strategy’.

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| **Recommendations**  That the City Regions Board:   1. **Note** announcements contained in the 2016 Autumn Statement with a direct impact on the work programme of the Board and the LGA’s related activity. 2. **Consider** the proposal for Board to have a substantial discussion on the government’s ‘Modern Industrial Strategy’ due for release at the end of January. 3. **Note** the LGA is in the process of commissioning research into developing a Strengthened Sub National Trade and Investment Strategy.   **Action**  Officers to take forward work in line with members’ steers. |

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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](http://www.local.gov.uk/documents/10180/7991192/LGA+submission+to+the+Autumn+Statement+2016.pdf/ae76f5e3-7a8a-49a1-aeb0-67c4fcf61fef):
   1. Creating the conditions for change: maintaining momentum on devolution and putting councils on a sustainable footing.
   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.
   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](http://local.gov.uk/documents/10180/7991192/2016+Autumn+Statement+LGA+On+the+Day+Briefing.pdf/bcb66b43-944d-465d-8537-45f86b48acc3) 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](http://www.local.gov.uk/documents/10180/7632544/LGA+On+the+Day+briefing+Provisional+LG+Finance+Settlement+Dec+2016.pdf/6d22a793-80e5-4345-a1fe-244554dec279) provides further analysis.
5. The Autumn Statement also 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.
6. As such, the LGA’s response highlighted that if momentum on devolution is lost, billions of pounds worth of economic growth and hundreds of thousands of jobs and homes risk being lost with it. We also called for the new borrowing powers for Mayoral combined authorities to be made available to all devolution deal areas.
7. We reiterated these points in our response to the Secretary of State’s Annual Report on Devolution 2015-16.[[1]](#footnote-2) 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]](#footnote-3)
8. 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 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.
9. The Secretary of State for Communities and Local Government spoke at the LGA’s Councillors’ Forum on 19 January. He reiterated his Department’s support for devolution, and stressed that his door would remain open to further proposals. He said that the greatest powers would be reserved for Mayoral areas, and the priority for future deals would be given to those areas with strong local consensus.
10. We 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.**
11. 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.

1. <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573518/Annual_Report_on_Devolution_2015-16__Print.pdf> [↑](#footnote-ref-2)
2. <http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/8124410/NEWS> [↑](#footnote-ref-3)