

The Budget 2014

Purpose of report

A copy of the LGA's on the day Budget briefing is attached at **Appendix A**. It assesses the implications of the Budget announcements for local government, leading on the housing measures.

Summary

The Budget included a number of measures that councils will find helpful, for example the additional money for potholes and to repair damaged flood defences, and the freeze on landfill tax in 2015-16. There was further progress on city deals, with the announcement of the Greater Cambridge City Deal and a change to the VAT treatment of combined authorities. It did not however change the overall financial position of councils, the risk to public services in the next few years, or the ability of councils to make major inroads to the housing shortage.

Recommendation

Members are invited to discuss the LGA's response.

Action

Officers to act on any comments members have.

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Background

1. The 2014 Budget was announced on 19 March 2014. The Chancellor called it 'a budget for makers, doers and savers' and the main announcements, and much of the media coverage, dealt with tax changes largely aimed to benefit pensioners and savers.
2. The LGA's briefing was issued the same day and is attached at **Appendix A**. It deals with the main announcements affecting local authorities under the following categories;

Housing	Youth employment
Transport	Flooding
Landfill tax	Welfare reform
Pensions	Childcare and the pupil premium
Troubled families	Planning
City deals	VAT refunds for combined authorities
Wales devolution	Gambling
Social care	

3. The Government has taken some measures, particularly on housing and youth employment that have been welcomed by the LGA although the briefing calls for Government to go further. Some additional money for pot holes and to repair damaged flood defences and the freeze on landfill tax in 2015-16. There was further progress on City Deals, with the announcement of the Greater Cambridge City Deal and a change to the VAT treatment of combined authorities.
4. As in the Autumn Statement, there were no further cuts announced for local government, but this is against the background of figures in June's Spending Round that confirm two further hard years of funding cuts for Councils. Provisional figures for 2016/17 and 2017/18 indicate further funding reductions but Councils are no worse off after the Budget than they were after the Autumn Statement.
5. The Government has announced the welfare benefit cap initially at £119 billion in 2015/16 and a conversation with Government will be needed on how this will apply to benefits currently administered by local authorities.
6. Among the announcements that were not included in the briefing as not being of immediate significance to member authorities in general were:
 - 6.1. The extension of business rates discounts in Enterprise Zones for a further three years.
 - 6.2. The development of proposals for housing developments in Barking Riverside and Brent Cross, and a £150 million estate regeneration fund which makes special mention of estates in Barnet, Southwark and Tower Hamlets. The Government has been working with the GLA on these schemes.

- 6.3. An announcement that the Treasury will run a series of public sector reform seminars on unemployment, vulnerable children, mental health and criminal justice to which Councils will be invited.