

2017 Autumn Budget

Purpose of report

For information.

Summary

This report highlights the key announcements in the 2017 Autumn Budget with implications for local government.

Recommendation

That members of the Executive note the content of the report.

Action

LGA Officers to proceed as directed.

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2017 Autumn Budget

Background

1. The Chancellor of the Exchequer delivered the Autumn 2017 Budget on 22 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. The [on-the-day briefing](#) is available online for information and contains most of the proposals affecting councils.

The key announcements

3. The key announcements in the Autumn Budget relevant to local government are:

Housing

4. The Government announced a package of proposals which are intended to result in a net additional 300,000 homes built each year by 2022. This includes:
 - 4.1. An opportunity for councils to access additional HRA borrowing headroom from 2019/20, up to a total value of £1 billion.
 - 4.2. Considering intervention in areas where the local authority has failed to put an up-to-date local plan in place, a strengthened delivery test, and other planning reforms.
 - 4.3. Reforming the system of developer contributions through the Community Infrastructure Levy and section 106 funding.
 - 4.4. A review into improving rates and speed of building where planning permission has already been granted.
 - 4.5. Removal of stamp duty on homes priced below £300,000 for all first time buyers.
 - 4.6. Further infrastructure funding, including additional £2.7 billion for Housing Infrastructure Fund for councils to access.

Local government finance (business rates retention and the fair funding review)

5. With the exception of the London pilot (see below) and a commitment to announce further pilots for 2018/19, the Government made no announcements on business rates retention or the fair funding review.
6. There will be a business rates retention pilot for London from 2018. This expands on the Greater London Authority pilot currently in place.

7. On business rates, the Government announced that:
 - 7.1. It will move to annual uplifts to the multiplier on the basis of CPI inflation, rather than the higher RPI inflation, from 2018. It has also extended the relief to pubs for 2018/19. Councils will be compensated for the income lost.
 - 7.2. It will move to three-yearly revaluations after the next revaluation (expected in 2022). The LGA has been calling for the Government to explore this.
 - 7.3. It will legislate to reverse the precedent set by the 'Mazars case' on valuations of certain commercial properties involving multiple floors. The Government has not committed to funding this as they believe this will not result in lower income for local government. The LGA will investigate this claim and will call for additional funding if there is a financial impact on local government.
8. The Government will also legislate to introduce a 100 per cent council tax premium on long-term empty properties. This is a doubling of the current 50 per cent premium flexibility.

Other key policy announcements

9. The Government made no announcements on children's social care or adult social care. However, it committed extra funding to the NHS in this year, 2018/19 and 2019/20.
10. The position on public sector pay remains unclear. The Government announced its intention to move away from the 1 per cent basic public sector pay award policy in September 2017, but the Budget did not contain particular detail about the new policy.
11. An extra £45 million will be invested in 2017/18 to tackle potholes.
12. The Government will not proceed with the remainder of its Efficiency Review which was meant to deliver additional savings in 2019/20.

Key LGA messages (abridged – full version in our On the Day Briefing)

13. Our full reaction to the Chancellor's Autumn Budget can be found in our [on-the-day briefing](#). In summary:
14. 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.

15. 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.
16. 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.
17. 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.
18. 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.

LGA activity on the Autumn Budget

19. Prior to the Budget, the LGA published its Budget submission. It reiterated the concerns of members about the future funding position as well as suggesting a blueprint for work with the Government on the move to full business rate retention and the Fair Funding Review. It also provided proposals on devolution to unlock economic and productivity growth. The Budget submission was downloaded more than 2,350 times in the lead up to the Budget day.
20. We promoted our Budget Submission to key parliamentarians including Secretaries of State, Shadow Secretaries of State, Select Committee Chairs and Vice-Presidents. Our senior politicians also discussed our recommendations in their meetings with Government, Opposition, and other party spokespeople.
21. Our Conservative and Independent Group Leaders hosted a meeting with our Vice Presidents where our recommendations were discussed. We have upcoming briefings planned which will be hosted by the Labour and Liberal Democrat Group Leaders.
22. The recommendations in our Budget Submission formed the basis of our parliamentary briefings. These include briefings on local government finances, Brexit, adult social care, housing and children's services. Our recommendations were mentioned by parliamentarians of all political parties and those who are non-affiliated.

23. We also gave evidence to a range of parliamentary committees, including sessions on housing, air quality and children's services. Following the Budget announcement, our Senior-Vice Chair Cllr Nick Forbes gave evidence to the Treasury Committee where, in a session on housing policy, he discussed our response to the Budget announcements on housing and planning, and the policies needed to tackle the housing crisis.
24. We prepared a media grid of sustained proactive activity to push asks in our Autumn Budget submission. This included our call for councils to be given greater freedom to borrow to build new homes and for the Government to address the growing funding gaps facing children's services and adult social care. This resulted in more than 70 national media stories up to November.
25. To accompany the media activity, we developed social media content, including four videos which received almost 13,000 views in total.
26. On the day of the Budget we issued a main statement from Lord Porter on plans to lift the housing borrowing cap for some councils and the fact the Budget offered nothing to ease the funding crisis facing local services.
27. We issued a series of other media statements throughout the day which went into more detail about announcements including housing, transport, Universal Credit, culture, and devolution.
28. Separate statements were also issued criticising the lack of funding for adult social care and children's services.
29. Lord Porter appeared live on Sky News and Channel 4 News on the day of the Budget to give our response which was also reported in the Times, Telegraph and FT. Senior Vice Chair Cllr Nick Forbes was interviewed by ITV News, while the FT ran a follow up piece on our response to housing announcements.
30. On 22 November, officers produced an on-the-day briefing which has been downloaded more than 1,200 times. The following activity also took place to promote the briefing:
 - 30.1. On publication, the briefing was sent out to leaders, group leaders, finance portfolio holders, chief executives, chief finance officers, parliamentarians and external stakeholders – a total of over 6,000 recipients.
 - 30.2. Promotion also took place across social media and all relevant board bulletins.
31. Our response to the Budget was also quoted widely in Parliament. This included mentions of our concerns about the future of EU funding for local areas, the financial pressures facing councils, and the lack of funding for adult social care and children's services. MPs also spoke about the need for councils to be part of the solution to tackling our housing crisis.

32. The information about LGA activity is correct at the time of writing. Officers will provide a further verbal update at the time of the meeting if appropriate.

Implications for Wales

33. The announcements contained within the on the day briefing relate to policy areas that are devolved to the Welsh government. As a result, there are no direct implications to Wales. The Welsh Local Government Association works with the Welsh government on these issues.

Financial Implications

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