Budget 2018 update

Purpose of report

For information.

Summary

The Chancellor’s Budget, delivered on Monday 29 October, provided a formal update on the state of the economy, responded to the new economic and fiscal forecast from the Office for Budget Responsibility and announced the Government’s fiscal measures. This paper summarises announcements relevant to culture, tourism and sport; the LGA’s response and the headline messages for councils.

Recommendation

That members note the report.

Contact officer: Rebecca Cox

Position: Principal Policy Adviser

Phone no: 0207 187 7384

Email: rebecca.cox@local.gov.uk

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Background

1. The Chancellor’s Budget, delivered on Monday 29 October, provided a formal update on the state of the economy, responded to the new economic and fiscal forecast from the Office for Budget Responsibility and announced the Government’s fiscal measures.
2. The LGA published a [full briefing note](https://www.local.gov.uk/parliament/briefings-and-responses/budget-2018-lga-briefing-30-october-2018) for its member councils. This paper summarises announcements relevant to culture, tourism and sport; the LGA’s response and the headline messages for councils.

Culture, tourism and sport announcements

1. £120 million to a UK Festival of Innovation and Creativity. The Festival will deliver an exciting programme of events on arts, culture, design and tech across the country, and will help attract new inward investment. (Page 59, paragraph 4.38)
2. £8.5 million in Coventry’s plans to showcase the city when it hosts the UK City of Culture in 2021. The funding will support Belgrade Theatre to refurbish the auditorium and establish a new creative talent hub. It will also invest in Coventry’s Cathedral Quarter, including the refurbishment of historic venues, the creation of additional exhibition space and a centre for music education and concerts. (Page 68, paragraph 4.84)
3. £100,000 to support the development of proposals for an ‘Eden Project North’ centre in Morecambe. (Page 68, paragraph 4.89)
4. LGA view:
   1. The announcement of the Festival of Innovation and Creativity continues the positive recognition of the impact that cultural-led regeneration can achieve, enhancing local communities and boosting international recognition. Councils will need to be at the forefront of coordinating activities, and able to complement the funding through investments from the Arts Council England and the Heritage Lottery Fund, as well as the Government’s previously announced £20 million Cultural Development Fund. The objectives and delivery of these funding streams should be aligned as far as possible to ensure the maximum impact, and also be accessible to those communities that have not previously benefited from large scale investment.
5. The Government will launch a new Future High Streets Fund to invest £675 million in England to support local areas to develop and fund plans to make their high streets and town centres fit for the future. This will invest in town centre infrastructure, including to increase access to high streets and support redevelopment and densification around high streets. **It will include £55 million for heritage-based regeneration, restoring historic high streets to boost retail and bring properties back into use as homes, offices and cultural venues.** (Page 67, paragraph 4.76 and MHCLG website)
6. LGA view:
   1. We are pleased that the Government has acted by providing an injection of desperately-needed funding into revitalising our town centres, and it is important that councils, with their place shaping roles, have full flexibility over how this funding is spent.
   2. The LGA has called for more flexible planning powers that will help councils and their communities to shape vibrant town centres and will work with the Government, councils and other stakeholders to help secure a prosperous long-term future for our high streets and town and city centres.
   3. Many councils throughout the country are already leading the way in transforming the future potential of their town centres in the face of unprecedented changes in shopping habits and the retail landscape.

LGA key messages

1. The Chancellor’s Budget Statement shows the Government is listening to our call for desperately-needed investment in our under-pressure local services.
2. Our Budget submission highlighted the need to urgently plug the funding gap facing councils in 2019/20. The Chancellor has acted to help tackle some of this immediate funding crisis, and more investment will be needed in the long-term.
3. While funding and some of the measures announced will ease some of the immediate financial pressure facing our local services, it falls short of what we need in the long-term. Local government in England continues to face significant funding gaps. Rising demand for adult social care, children’s services and homelessness support will continue to threaten other services our communities rely on, including libraries, cleaning streets and maintaining park spaces.
4. It is good news that the Government has accepted our long-standing call to scrap the housing borrowing cap immediately. We will support councils to build those good quality affordable new homes and infrastructure that everyone in our communities need.
5. We are pleased that the Government has acted by providing an injection of desperately-needed funding into revitalising our town centres, and it is important that councils, with their place shaping roles, have full flexibility over how this funding is spent.

Next steps

1. It is critical that the Chancellor takes the opportunity to tackle the long-term financial challenges facing local government in the Spending Review. This will allow councils to play a full part in the prosperity of the nation and through preventative work, reduce the wider costs on public services.
2. Investing in local government is good for the nation’s prosperity, economic growth and the overall health and wellbeing of the nation. We now urge the Government to use the forthcoming Spending Review to deliver a truly sustainable funding settlement for local government.