

Meeting: Resources Board

Date: 15 November 2022



The 2022 Autumn Statement

Purpose of report

For information.

Summary

The report provides a briefing on the ongoing steps taken by the LGA ahead of the forthcoming Autumn Statement. The paper also provides a summary of the main elements of the 2023/24 local government finance settlement.

Is this report confidential?

No

Recommendation/s

That Members of Resources Board note this update

Action

Officers will proceed with the delivery of the LGA's work on the 2022 Autumn Statement and the 2023/24 Local Government Finance Settlement, keep members of Resources Board updated on developments and seek the views of the Board where possible or of Resources Board Lead Members.

Contact details

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The 2022 Autumn Statement

Background

1. In October, the Chancellor announced that the medium-term fiscal plan would be brought forward from 23 November to 31 October 2022. Following the appointment of the new Prime Minister, Rishi Sunak, the Government announced it would delay the fiscal statement and deliver a full Autumn Statement on 17 November 2022. The Autumn Statement will include a forecast from the Office for Budget Responsibility. It will also contain the UK's medium-term fiscal plan which according to the Government will put public spending on a sustainable footing and include measures to make debt fall over the medium term.
2. This report summarises the LGA's approach to preparing for and influencing the Autumn Statement. Separately, in anticipation of possible announcements in the Autumn Statement that are relevant to the forthcoming 2023/24 local government finance settlement, the report summarises key aspects of the settlement and previous thinking based on statements by the Government over the last year. These positions may have changed since these statements were made or may change as result of the Government's aim to reduce debt.

LGA submission

3. The LGA [submission](#) was developed with the Chairman and Group Leaders and was cleared by them and Lead Members of Resources Board. It is a focused document, with a small number of priority themes, and strong messaging on the cost pressures facing councils from inflation, and rising wage and energy costs. It includes a clear ask for additional funding to meet cost pressures for 2022/23 and future funding gaps.
4. The submission includes the following key areas:
 - **The cost pressures facing councils**
 - **People focused issues:**
 - i. **Adult social care**
 - ii. **Children's services**
 - iii. **Cost of living**
 - **Economic growth**
 - **Net zero**

5. Over the summer the LGA sent a survey to a sample of councils to gather further information on the cost pressures they are facing and their implications for council finances and services. The interim results of the survey have been included in the LGA submission to the Autumn fiscal event. We are also undertaking some analysis on how recent increases in interest rates could impact on councils in terms of borrowing and capital refinancing costs and how this might impact on capital investment programmes.

Local Government Finance Settlement 2023/24

6. It is possible that the 2022 Autumn Statement will include information that will affect the 2023/24 local government finance settlement. The following paragraphs summarise key aspects of the settlement and previous thinking based on statements by the Government over the last year. These positions may have changed since they were made or may change as result of the Government's aim to reduce debt.

Single or multi-year settlement

7. At the LGA's annual conference in June 2022, the Secretary of State for Levelling Up, Michael Gove, stated that there would be a two-year financial settlement for 2023/24 and 2024/25. This has not been confirmed following changes in government.

Funding envelope

8. In the 2021 Spending Review the Government stated that "Core spending power for local authorities is estimated to increase by an average of 3% in real-terms each year over the SR21 period". This includes assumptions about income from council tax and business rates.
9. When new burdens funding for social care reform is excluded from the Local Government Departmental Expenditure Limit in the 2021 Spending Review it is cash flat between 2022/23 and 2023/24.

Council tax

10. In the 2021 Spending Review the Government stated that "the referendum threshold for increases in council tax is expected to remain at 2% per year [for the remainder of the Spending Review period]. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1% per year".

Funding Reform

11. In the 2022/23 Local Government Finance Settlement, the Government stated it was committed to ensuring that funding allocations for councils are based on an

up-to-date assessment of their needs and resources, and noted that the data had not been updated for a number of years. It announced it would work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes. However, in October 2022 at the Conservative Party conference the then minister for local government, Paul Scully, indicated that this review might not happen in the current spending review period.

12. There was no mention of the business rates reset and there have been no discussions about resets with DLUHC since 2019. Any significant change to the business rates and funding baselines should be consulted upon before implementation.

Grants inside Core Spending Power

13. In 2021 Spending Review the Government committed to provide £3.6 billion to local government to support moving towards paying providers a fair rate for care, and for the care cap and means test. The government recently consulted upon [the distribution of funding to support the reform of the adult social care charging system in 2023 to 2024](#).
14. In February 2021 the Government consulted on [The Future of the New Homes Bonus](#). The Government has not yet responded to the consultation.
15. In the 22/23 Settlement the Government introduced a one-off services grant of £822 million noting that it would work with the sector on how to distribute the Services Grant funding from 2023/24 onwards.
16. It has been Government policy since 2014/15, for each year that the business rates multiplier has risen by less the Retail Price Index (RPI), to pay an ‘under-indexation grant’ to councils up to the value of RPI.
17. The settlement should also include information on the value and distribution of other grants including the Lower Tier Services Grant, Rural Services Delivery Grant, Revenue Support Grant and other grants for social care.

Grants outside the settlement

18. In the 2021 Spending Review, the Government announced that it would maintain the Public Health Grant in “real terms” over the 2021 Spending Review Period. In the last few years, the allocations of the Public Health Grant have not been announced at the same time as the settlement.

Timing of the settlement

19. It is not clear when the 2023/24 Provisional Local Government Finance Settlement will be published. In 2018 [Andrew Hudson](#) recommended the provisional Finance Settlement should be published on or around 5 December and the final settlement no later than 31 January. Over the last few years the

settlement has been published just before Christmas. The LGA continues to push for certainty and an early settlement.

LGA campaigning

20. In the lead up to the 2022 Autumn Statement, the LGA has been campaigning on behalf of local government including launching the [Save Local Services campaign](#) to highlight, in particular, the impact of existing cost pressures and the risk of spending cuts.

21. Media activity includes:

- Interviews with the Chairman on [BBC Radio 4's World at One](#) and BBC News.
- Interviews with the Senior Vice Chair by [BBC News](#) (twice) and LBC Radio.
- A comment piece for [Politics Home](#) warning about the urgent need for financial certainty to protect against further cuts to local government services.
- The [Guardian](#), [LGC](#) and MJ reported our lines in response to the Institute for Fiscal Studies report on the fiscal options available to the Chancellor.
- We are talking to numerous councils about the financial pressures they are facing, with a view to lining up further broadcast media packages with real-life council case studies and examples.
- Every week we are reaching out to national journalists, the trade press and producers of key political programmes.

22. Activity in Parliament includes:

- Letters to the new Prime Minister, Rishi Sunak, and the [new Chancellor, Jeremy Hunt](#), laying out our key asks for the upcoming Autumn Statement.
- Letters to new Secretaries of State, highlighting the key asks from our Budget submission which are relevant to their Department.
- Briefed Peers ahead of an October debate on the economy.
- Briefed LGA Vice-Presidents, a number of MPs and peers ahead of debates and select committees
- Supplied MPs with written and oral questions and provided information for an article for a MP.
- The Chairman and Deputy Chief Executive met with the Levelling Up, Housing and Communities Committee for a private session to discuss issues facing local government, including financial pressures.

23. Other audience engagement activity includes:
- [Toolkit](#) created for councils to support local lobbying including local MPs. A second toolkit will be created to engage other targeted stakeholders.
 - Developed a [web hub](#) to act as a single point for more information.
 - Targeted direct marketing of key campaign messaging.
24. We will continue to campaign up to the 2023/24 Local Government Finance Settlement.

Implications for Wales

25. The outcome of the Autumn Statement could have implications for Welsh local authorities. We will work with the Welsh Local Government Association (WLGA), the Convention of Scottish Local Authorities (COSLA) and the Northern Ireland Local Government Association (NILGA) to keep them updated on our work and plans and consider possibilities for joint work.

Financial Implications

26. The work in this report is included in the LGA's core budget.

Equalities implications

27. This paper outlines LGA work on a range of policies. These are considered separately by individual boards as and when LGA policy is developed in these areas.
28. The funding of councils affects councils and their residents as a whole and it is difficult to assess what the individual impacts will be on people with protected characteristics. Improving the funding position of councils should help them to be able to fund services that are provided to their residents.

Next steps

29. Members are asked to note this briefing.
30. Officers will proceed with the delivery of the LGA's work on local government finance matters, keep members of Resources Board updated on developments and seek the views of the Board where possible or of Resources Board Lead Members.