

Meeting: City Regions Board

Date: 23 November



Theme 5: Autumn Statement

Purpose of report

For discussion

Summary

On 17 November the Chancellor of the Exchequer presented his Autumn Statement to Parliament setting out the Government's next steps on taxation and public spending. In response, the LGA prepared a briefing note covering the full range of proposals relevant to local government. This note summarises those announcements and sets out a new of opportunities for further work.

Is this report confidential? No

Recommendation/s

That the Board notes the update on the autumn statement and considers the proposal to explore new opportunities relating to place based budgets, investment zones and industrial strategy.

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Theme 5: Autumn Statement



Purpose and Outcome

1. The LGA is the national voice of local government and, on behalf of its members, seeks to influence government policy in line with their priorities. As part of efforts to influence the current and previous Government a range of policy and lobbying materials were produced in the run up to the autumn statement.
2. We have been successful in a range of areas and thanks to wider lobbying the Government has also indicated new avenues for future engagement that provide the potential for stronger local growth, better public services and greater local control.

Background

3. As part of our work to influence the previous Government's Medium-Term Fiscal Plan the LGA published its [submission](#) on behalf of local councils on 14 October.
4. This submission focused on five key themes:
 - 4.1. **Council cost pressures:** we identified that significant new council cost pressures arising from inflation and demographic changes need an urgent response from national government; with further support to address additional costs of £2.4 billion in 2022/23 and funding gaps of £3.4 billion in 2023/24 and £4.5 billion in 2024/25 just to provide services at 2019/20 levels.
 - 4.2. **Adult social care:** we called for an immediate injection of £6 billion to tackle urgent issues and limit their immediate and short-term impact, as well as further investment of £7 billion to enhance capacity so that councils can deliver the range of statutory duties under the Care Act. We also called for a reconsideration of the timetable for wider social care reform – both to ease capacity pressures on social care departments, but also to ensure that vital learning from the reform Trailblazer sites is properly factored into the Government's thinking
 - 4.3. **Childrens services:** we called on the Government to meet the £1.6 billion cost pressure already in the system to help to stabilise the children's social care system to ensure that children are safe and families receive the support they need.
 - 4.4. **Cost of living:** we asked that the Government ensure that a fair and sufficient mainstream benefits system is complemented by flexible and consistent funding for local welfare support and in the longer term work with councils to develop a more evidence-based, demand-led and outcomes-focused approach to improving households' longer-term financial wellbeing and resilience across Government.
 - 4.5. **Economic growth:** we called on the Government to bring sub-national government expenditure on economic development into line with our major international competitors, such as Germany; give local authorities the tools and resources they need to drive growth and address regional imbalances in productivity by delivering

on the commitment to offer every area in England that wants one a devolution deal by 2030; end the process of costly competitions between areas; and, pilot a new approach to public service investment, by asking areas to come forward with radical proposals to bring together budgets and public services under the leadership of local government.

- 4.6. **Climate change:** we called on the Government to support councils to lead place-based approaches to hit net zero targets, which cost three times less than a centralised approach and deliver twice the social and financial returns.
5. Following the change in Government and the announcement of a rescheduled 'fiscal event' the LGA launched a campaign to [Save Local Services](#), warning of a £3.4 billion gap in the next financial year and highlighting that this would require local authorities to increase council tax by 20 per cent over the next two years to address the funding shortfall.
6. This campaign had significant 'cut-through' with the LGA Chairman Cllr James Jamieson, LGA Senior Vice Chair Cllr Shaun Davies and LGA Vice Chair Cllr Joe Harris interviewed on radio and television and the story covered by The Express, the Daily Mail, The Telegraph, The Metro, The FT, iNews, The Guardian and The Independent.
7. On 17 November the Chancellor of the Exchequer presented his [Autumn Statement](#) to Parliament setting out the Government's next steps on taxation and public spending.
8. In response, the LGA prepared a [briefing note](#) covering the full range of proposals relevant to local government.
9. In summary: the Government's package of funding announcements will fill about £3bn of the £3.4 billion funding gap, if councils raise council tax by the maximum allowed, which is better than expected, but still challenging; we welcomed the extension of the household support fund, but cautioned that the only way to reduce energy costs in the long run is to increase energy efficiency; we welcomed the progress on new devolution deals in Suffolk, Norfolk, Cornwall and the North East; we also strongly supported the proposal to explore 'single department-type settlements' within trailblazer devolution deals in Greater Manchester and the West Midlands Combined Authority; but, following the announcement that Investment Zones will be significantly refocused we expressed strong disappointment that the work of local partners to deliver expressions of interest for Investment Zones will not be taken forward.

Proposal

10. Within the context of the Board's Terms of Reference and its agreed work programme it is significant that the Government has stated that it *remains committed to levelling up and spreading opportunity across all of the UK*.
11. The news that the Government will explore the potential to agree single departmental-style settlements with the Greater Manchester Combined Authority and the West Midlands Combined Authority at the next Spending Review, providing more flexibility and accountability over key economic growth funds and moving away from competitive bidding processes is good news and something this Board has long called for. Another

item on the agenda sets out recent work in this area, but a potential next step would be to explore those departmental budgets that sit outside DLUHC and BEIS and see how they might be brought into this process.

12. While disappointing and a significant waste of scarce council resources, the announcement that Investment Zones will now be refocused to catalyse a limited number of the highest potential knowledge-intensive growth clusters, including through leveraging local research strengths offers the potential for a new strand of work.
13. The City Regions Board has previously overseen the [Leading Places](#) project. This brought together councils, universities and the NHS to tackle key challenges relating to growth and public service innovation. The Board also commissioned research into the distribution of public investment in research and design and may provide a basis for a conversation with Government, reflecting the priorities of cities and urban areas many of which host higher education institutions.
14. In the weekend following the Autumn Statement there have been [press reports](#) that the *chancellor, and business secretary Grant Shapps, will bring forward a more detailed vision for supporting growth areas*. These reports have also suggested the return of an 'industrial strategy' and the re-composition of the Industrial Strategy Council, which was disbanded last year.
15. Along with the People and Places Board, this Board has previously overseen the LGA's work on [Local Industrial Strategies](#). As set out in the Board's work programme, we are already running two projects on Local Enterprise Partnership integration and the skills needs of local economic development teams. A presentation will be given at the January board setting out progress. It may also be useful to consider new work on the role councils can play in supporting local economic growth, building on previously [commissioned research in](#) this area, but reflecting the progress of devolution, wider changes to the growth funding and policy landscape and sluggish national growth contributing to the stark financial picture that continues to face local councils.

Implications for Wales

16. The LGA continues to work closely on areas of shared concern with local government partners in Wales. While many of policy aspects detailed above relate to devolved issues, we have a strong track on issues such as the UK Shared Prosperity Fund.

Financial Implications

17. Any work arising from this paper will be met from the Boards existing policy and research budgets.

Equalities implications

18. As set out in our submission to government, the distributional impact of a weak economy is most likely to be felt by poorer households and there is a strong link between devolution and greater regional equality. This work supports the case for councils to

play a greater role in driving local, inclusive and sustainable growth and is a core part of the Board's Terms of Reference.

Next steps

19. Subject to the comments of the Board we will explore new opportunities relating to place based budgets, investment zones and industrial strategy.