

Meeting: Executive Advisory Board

Date: 8 December 2022



Autumn Statement 2022

Purpose of report

For information

Summary

This report provides a summary of the key local government finance announcements in the 2022 Autumn Statement.

Is this report confidential?

No

Recommendations

The Executive Advisory Board is asked to note the update.

Action

Officers will proceed with the delivery of the LGA's work on local government finance, including the 2023/24 Local government Finance Settlement.

Contact details

Contact officer: Sarah Pickup

Position: Deputy Chief Executive

Phone no: 0207 7944 3141

Email: sarah.pickup@local.gov.uk

Autumn Statement 2022



Introduction

1. This report provides a summary of the key finance announcements in the 2022 Autumn Statement which was [delivered](#) by the Chancellor on 17 November. The LGA published a [briefing](#) which covered the key announcements relevant to local government.
2. In the lead-up to the Autumn Statement the LGA undertook a substantial amount of campaigning including press releases, social media activity and parliamentary activity. On the day of the Autumn Statement, the LGA issued [a press release](#) reacting to a number of announcements in the Statement resulting in on-the-day broadcast coverage.

Key Announcements

3. The Government announced the following relating to overall funding available for the public sector:
 - Departmental expenditure limit (DEL) budgets will be maintained at least in line with the budgets set out at the Spending review;
 - Additional funding to support the healthcare system, social care and schools. This includes up to £2.8 billion in 2023/24 and £4.7 billion in 2024/25 to help support adult social care and discharge in England. Some of this funding is also available to support children's social care. The £2.8 billion includes new funding and additional flexibilities to increase council tax;
 - Funding provided in the Spending Review, from April 2024 onwards, to cover the cover employer costs of the Health and Social Care Levy has been removed from DELs;
 - From April 2025, departmental resource spending will grow by 1% a year in real terms. Departmental capital spending will continue at the same level in cash terms. DEL budgets beyond 2024/25 will be set at the next Spending Review;
 - An Efficiency and Savings Review to identify efficiency savings in day-to-day budgets that can be used for Government's priorities and help manage pressures from higher inflation.

Council Tax

4. The Government is giving local authorities in England additional flexibility in setting council tax by increasing the referendum limit for increases in Council Tax from 2 per cent to 3 per cent per from April 2023.

5. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year.
6. These additional flexibilities are in place for both 2023/24 and 2024/25.

Adult Social Care

7. In the Autumn Statement it was announced that up to £2.8 billion will be made available in 2023/24 and £4.7 billion in 2024/25 to support adult social care and discharge in England. This includes funding that was to be made available for social care reform which is being delayed for 2 years but the funding will stay with the sector. The new resources are as follows:
 - £1 billion of new grant funding in 2023/24 and £1.7 billion in 2024/25. Sixty per cent of the funding in each year will go through the Better Care Fund;
 - £1.3 billion in 2023/24 and £1.9 billion in 2024/25 to councils for adult and children's social care due to the delays to the adult social care reforms;
 - Increasing the general referendum principle from 2 to 3 per cent and the adult social care precept from 1 to 2 per cent in both 2023/24 and 2024/25 for adult social care authorities.

Business Rates

8. In the Autumn Statement the Government announced that:
 - The 2023 business rate revaluation will go ahead from 1 April 2023 with a transitional relief scheme funded by the Government;
 - The business rates multipliers will be frozen in 2023/24;
 - Support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50 per cent to 75 per cent business rates relief;
 - Support for the smallest businesses losing eligibility or seeing reductions in Small Business Rates Relief or Rural Rate Relief;
 - A delay until April 2024 of the previously announced relief for business for improvements to property;
 - English Local Authorities will be fully compensated for the loss of income due to these measures and will receive new burdens funding for administrative and IT costs

2023/24 Finance Settlement

9. The majority of the above announcements will have implications for the 2023/24 Local Government Finance Settlement and will impact upon allocations to individual authorities. In line with previous years, we expect the provisional settlement to be published in the second half of December. However, at the time of writing we

understand that the Government will shortly provide an update on the 2023/24 provisional settlement including information on elements of the 2024/25 settlement.

Other announcements in the Autumn Statement

10. Following [consultation](#), which the LGA [responded](#) to, the Government has decided not to introduce an online sales tax (OST). The Government's stated that its decision reflects concerns raised about an OST's complexity and the risk of creating unintended distortion or unfair outcomes between different business models.
11. The full range of announcements in the Statement are in the briefing. However, key announcements beyond the core local government finance ones above include:
 - Additional funding of £2.3 billion for schools in both 2023/24 and 2024/25;
 - A 7 per cent social rent cap;
 - £1.7 billion for the second round of the Levelling Up Fund. Successful bids will be announced before the end of the year;
 - A mayoral devolution deal with Suffolk County Council and discussions on mayoral devolution deals with local authorities in Cornwall, Norfolk and the North East of England. 'Trailblazer' devolution deals with Greater Manchester and the West Midlands Combined Authorities by early 2023 and a commitment to agree devolution deals with all areas in England that want one by 2030;
 - A refocussing of the Investment Zone Programme;
 - A review of the Energy Bill Relief Scheme which will determine support for non-domestic energy consumers, excluding public sector organisations, beyond 31 March 2023;
 - Support for households with energy bills, and additional cost of living payments for households that are in receipt of a means-tested benefit, over state-pension age, or claiming a disability benefit;
 - The National Living Wage (NLW) will increase by 9.7% to £10.42 an hour from April 2023, for those aged 23 and over.

LGA view

12. In response to the Autumn Statement the LGA has been clear that although the outcome of the Statement is better than feared it will be residents and who will bear the burden of any increase to council tax or the adult social care precept. In both the press release and briefing the LGA has restated its position that council tax has never been the solution to meeting the long-term pressures facing services - particularly high-demand services like adult social care, child protection and homelessness prevention. It also raises different amounts of money in different parts of the country unrelated to need and adds to the financial burden facing households. Even with the additional council tax flexibilities and new funding for social care, councils face a major

challenge when looking to set a balanced budget and many will, reluctantly, be considering cuts to services.

13. The LGA welcomed a range of individual announcements in the Statement including: the delay to planned adult social care reform (and the retention of reform funding for mainstream adult social care services); the commitment to compensate councils fully for the range of business rates measures announced; the additional funding for schools; the progress on devolution deals; and the revised social rent cap which is higher than expected.
14. The LGA also highlighted a range of concerns including: the need for a significant part of the additional schools funding to be used to support SEND services; our concerns that the Levelling-Up Fund continues to be allocated on a competitive basis; and our view that government should include public bodies in the review of the Energy Bill Relief Scheme.

Campaigning activity

15. The LGA campaigned heavily in advance of the Autumn Statement to maximise visibility of key messages and facts, highlighting in particular the impact of existing cost pressures and the risks of spending cuts. Our communications and campaign objectives were to ensure the threats to local government remained high on the political agenda and in the news cycle, and to identify and work with the sector and partners to collectively raise our voice on this issue.
16. Highlights include:
 - the [Save Local Services campaign](#);
 - the [LGA's submission to the Government](#)
 - Letters to the new Prime Minister and [Chancellor](#), Secretaries of State and other new ministers highlighting our key Autumn Statement asks.
 - Numerous interviews of senior LGA politicians on broadcast media programmes;
 - Extensive coverage of our lines in the national media – including broadcast;
 - Explaners on [cost pressures](#), [reserves](#), and how [council funding is spent](#);
 - Extensive engagement with parliamentarians including parliamentary questions, and briefings ahead of debates and select committees.
17. The LGA will continue to campaign and make representations on behalf of local authorities in the run up to the 2023/24 Provisional Local Government Finance Settlement.

Implications for Wales

18. The outcome of the Autumn Statement will 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

19. The work covered in this paper is included in the LGA's core budget.

Equalities Implications

20. 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.
21. 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

22. Members are asked to note this update.
23. Officers will proceed with the delivery of the LGA's work following the 2022 Autumn Statement including preparing for the 2023/24 provisional local government finance settlement expected in December.