

## Autumn Statement Update

### Purpose of Report

For direction.

**Is this report confidential?** No

### Summary

This report provides a summary of the work by the LGA leading up to the Chancellor's Autumn Statement on 22 November. It also sets out the main outcomes from the Statement that are relevant to local government.

**LGA Plan Theme:** A sustainable financial future; Children's service improvement; Other service specific support; Support to the local government workforce; Championing climate change and local environments

### Recommendation(s)

#### That the Executive Advisory Board:

- Notes the outcomes of the Autumn Statement
- Considers future LGA activity in the run up to the 2024/25 local government finance settlement and the 2024 Spring Budget.

### Contact details

Contact officer: Nicola Morton  
Position: Head of Local Government Finance  
Phone no: 07887 568795  
Email: [nicola.morton@local.gov.uk](mailto:nicola.morton@local.gov.uk)

## Autumn Statement Update

### Background

1. This report provides a summary of the work by the LGA leading up to the Chancellor's Autumn Statement on 22 November. It also sets out the main outcomes from the Statement that are relevant to local government.

### LGA Submission

2. Ahead of the Chancellor's Autumn Statement on 22 November the LGA submitted its representation before the formal deadline on 13 October. The [submission](#) was then published online on 20 October. The submission takes the form of a letter setting out the financial challenges faced by the sector, accompanied by four appendices focusing on four key areas. These are adult social care and winter pressures, children's services, housing and homelessness, and climate change. The submission was cleared by the Chairman and Group Leaders and lead members of the Economy and Resources Board.
3. Key financial messages in the submission include:
  - 3.1. Since 2010/11 core spending power for councils has fallen by 27.0 per cent in real-terms.
  - 3.2. Recent spikes in inflation, the National Living Wage (NLW) and energy costs have placed substantial pressure on council finances. By 2024/25 cost and demand pressures will add £15 billion (28.6 per cent) to the cost of delivering council services since 2021/22.
  - 3.3. Despite new funding announced by the Government at the 2022 Autumn Statement our analysis shows an estimated funding gap of £2.4 billion in 2023/24 and £1.6 billion in 2024/25.
  - 3.4. Cost pressure increases have been particularly sharp in several services:
    - 3.4.1. Children's Social Care: rising costs and demand pressures – budgets up by 13.6 per cent in 2023/24 compared to 2022/23.
    - 3.4.2. SEND home to school transport: budgets up by 23.3 per cent compared to 2022/23.
    - 3.4.3. Adult Social Care: budgeted spend increased by 12.8 per cent in 2023/24, with average fee rates for external home care increasing by 9.6 per cent and supported living by 8.4 per cent from 2022/23 to 2023/24.
    - 3.4.4. Housing and homelessness: increasing costs due to multiple contributory factors, including asylum and resettlement, pushing budgets up by 19.9 per cent with pressures ongoing.

4. In addition to service-specific asks linked to each of the appendices, the submission included a number of our core financial asks including:
  - 4.1. Sufficient funding to deliver and set balanced budgets, prevent decline in local service provision, enable the rebuilding of local service provision and to recruit and retain skilled staff, meeting NLW increases.
  - 4.2. A renewed focus on prevention to address current and future demands for services.
  - 4.3. Multi-year and timely settlements.
  - 4.4. Review of Relative Needs and Resources, considering data and formulas used to distribute funding, ensure no council sees its funding reduce and ensure transitional arrangements for any business rates reset.
  - 4.5. Consider alternative forms of income for local government including an e-commerce levy with the funding retained by local government.

## Campaign activity

5. Following the publication of the LGA's submission there has been a substantial accompanying lobbying campaign drawing on the material in the submission. The campaign is based on a plan shared with the Chairman and Group Leaders in September. Campaigning activity has involved a range of news media, social media and Parliamentary and departmental lobbying.

## News media activity

6. News media activity has included:
  - 6.1. Publishing a [press release](#) on 20 October to accompany the publication of the submission
  - 6.2. Publishing complementary press releases on key themes in the Autumn Statement submission including:
    - 6.2.1. [The costs to councils of temporary accommodation](#)
    - 6.2.2. [Growing demand for children's social care](#)
    - 6.2.3. [Pressures on unpaid carers](#)
    - 6.2.4. [The need for the Government to back local climate action](#)
    - 6.2.5. Further planned complementary press releases on empty homes, adult social care cost pressures, climate change, and numbers of looked after children.
  - 6.3. Publishing a [joint statement](#) with CCN, DCN, London councils, the Special Interest Group of Municipal Authorities and the Unitary Councils Network on the challenges facing the sector's finances.

- 6.4. Publishing a joint letter [joint letter](#) with a large number of stakeholder bodies on the financial pressures faced by children's social care.
- 6.5. A [piece in the Municipal Journal](#) from the Chairman on the LGA's Autumn Statement submission.

### **Parliamentary and departmental lobbying**

7. Parliamentary and departmental lobbying has included:
  - 7.1. Sending the LGA submission to relevant Ministers, Permanent Secretaries and Committee Chairs.
  - 7.2. Briefing LGA Vice Presidents (MPs and Peers) on the LGA's representation, on the financial problems facing local government ahead of a King's Speech debate on [housing, health, local communities and public services](#).
  - 7.3. Briefing a number of select committees including Education, Energy Security and Net Zero, Environment, Food and Rural Affairs, Health and Social Care, and Levelling Up, Housing and Communities.
  - 7.4. Promoting the LGA's Save Local Services campaign at the LGA Independent Group Vice Presidents dinner.
  - 7.5. Promoting relevant lines from the LGA's Autumn Statement submission in letters to the new Secretary of State for Health and Social Care Victoria Atkins MP and the new Chief Secretary to the Treasury Laura Trott MP.
  - 7.6. Sharing a [briefing](#) with all MPs not already covered by our contacts with ministers and committees.
  - 7.7. LGA Senior Vice Chairman Cllr Kevin Bentley met the Parliamentary Under Secretary of State (Minister for Children, Families and Wellbeing) David Johnston MP on children's services.
  - 7.8. Councillor John Fuller gave evidence to the Levelling Up, Housing and Communities Committee inquiry on [financial distress in local government](#).
  - 7.9. Submitted written evidence to the Public Accounts Committee inquiry on Homes for Ukraine, which included the LGA's lines on housing and homelessness from the Autumn Statement submission.

### **Social media and marketing**

8. Social media and marketing activity, engaging key stakeholders, has included:
  - 8.1. The re-launch of our [Save Local Services](#) campaign banner and webpage including:
    - 8.1.1.A [social media thread](#).

- 8.1.2.A [key messages flyer and social media assets](#) for councils to use as the basis for their own lobbying.
- 8.1.3. Special bulletin to councils and stakeholders to encourage engagement with the campaign and sharing of key messages with local stakeholders.
- 8.2. Social media content to highlight submission and key campaign asks and financial challenges, including:
  - 8.2.1. an online explainer on the [use of reserves](#) with accompanying [social media post](#)
  - 8.2.2. an online explainer and social media thread on [how £1 of council funding is spent](#).
  - 8.2.3. Priority specific social media for children's and adult's social care, housing and temporary accommodation and net zero.
  - 8.2.4. Video statements from LGA Chair and Political Group leaders (or representatives) on key issues and asks and photographic coverage of behind-the-scenes moments.

## Outcomes of the Autumn Statement

- 9. There were few substantive announcements in the Autumn Statement on Wednesday 22 November relating to local government finance. The few relevant items included:
  - 9.1. For 2024/25, the small business multiplier in England will be frozen for a fourth consecutive year, while the standard multiplier will be updated by September CPI.
  - 9.2. The current 75 per cent relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024/25.
  - 9.3. Local authorities will be fully compensated for the loss of income from these business rates measures and will receive new burdens funding for administrative and IT costs.
  - 9.4. The Government has agreed the detailed terms of the long-term business rates retention arrangements for the Greater Manchester and West Midlands Combined Authorities. These arrangements will commence from April 2024.
  - 9.5. The Government is extending to June 2025 the Public Works Loan Board policy margin announced at Spring Budget 2023 for council investment in social housing.
  - 9.6. From 1 April 2024, the National Living Wage (NLW) will increase by 9.8 per cent to £11.44 with the age threshold lowered from 23 to 21 years old.
- 10. Other relevant announcements included:

- 10.1. The [recently announced](#) funding simplification doctrine will come into force from January 2024.
- 10.2. The Department for Levelling Up, Housing and Communities will work with the UK Infrastructure Bank, the British Business Bank, Homes England and other departments and private sector partners to consider how to support levelling up through improving access to finance. The group will report to Ministers by the spring.
- 10.3. The Government will raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024.
- 10.4. The Government has committed to ensuring councils will be able to set planning fees to cover the full cost of processing some major applications.
- 10.5. The Government announced £450 million for a third round of the Local Authority Housing Fund to house Afghan refugees and ease wider housing and homelessness pressures.
- 10.6. A range of announcements on devolution deals.
- 10.7. On pensions:
  - 10.7.1. Guidance for the Local Government Pension Scheme (LGPS) will be revised to implement a 10 per cent allocation ambition for investments in private equity.
  - 10.7.2. The Government has set a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools.

## On the day briefing and LGA response

11. On the day of the Autumn Statement the LGA produced an [on the day briefing](#) which was sent to Parliamentarians, council leaders, chief executives and chief finance officers. The briefing summarises the key announcements relevant to local government and gives an LGA view on each announcement.
12. The LGA produced a [press release](#) setting out the LGA's response to the Autumn Statement. In the response the Chair stated that "it is hugely disappointing that today's Autumn Statement has failed to provide funding needed to protect the services the people in our communities rely on every day". He highlighted specific services under pressure including children's and adult social care and temporary accommodation. The Chair also welcomed the changes to the Local Housing Allowance and the proposals for planning fee recovery.

## Implications for Wales

13. The Autumn Statement is likely to have an impact on Welsh councils through Government announcements, and through the Barnett consequential system and subsequent decisions by the Welsh government. The Welsh LGA is leading on work related to this although we are engaging regularly with the Welsh LGA and the other local government bodies in the devolved nations to exchange intelligence, ideas and consider joint work.

## Equalities implications

14. This paper outlines how the LGA is working on a range of local government issues. These issues affect councils and their residents as a whole and it is difficult to assess what individual impacts there are on people with protected characteristics. Improving the funding position of councils should help them to fund work that improves equalities. Working with the Government on improving guidance on finance should also help with enabling better outcomes.

## Next steps

15. Members are asked to note this update and consider future LGA activity in the run up to the 2024/25 local government finance settlement and the 2024 Spring Budget.