

AUTUMN BUDGET 2017

- 1.0 The Chancellor of the Exchequer announced the Autumn Budget on 22nd November. As well as the usual updates on the deficit, performance of the economy and the state of the public finances, the Chancellor made a number of policy announcements relating to local government. However, no mention was made of: - Adult Social Care, Children's Services and High Needs Pupil funding; School Funding; and Welfare other than Universal Credit. Also, there was no commitment to fund the additional fire safety costs arising out of the Grenfell Tower fire, simply reiteration that councils should contact DCLG if they cannot afford to undertake essential work.

At this stage, it is too early to determine what the exact impact on LBH will be and more detail is likely to emerge over time. The key headlines for Local government are summarised below.

London business rates retention pilot – the government has agreed a pilot of 100% business rates retention in London in 2018-19.

Efficiency Review – In the 2016 March Budget, the Chancellor announced a public-sector efficiency review which would impose further cuts to those set out in the 2015 Spending Review. In the Budget, the government stated that it has decided not to proceed with the remaining £1.1 billion reduction in spending in that had been planned for 2019-20. This is welcome news.

Business Rates – A number of measures were announced, i.e.

- (a) Indexation – The planned switch from RPI to CPI inflation will be brought forward to April 2018 (2 years earlier than planned). This will cost £2.3bn over 5 years nationally (£770 million in the first 2 years). Local government will be “fully compensated” for the loss of income. It is assumed that this will be funded by section 31 grant, but this is yet to be confirmed.
- (b) Reliefs – The £1000 business rates discount for public houses will be extended by one year to March 2019 – again this will be fully funded.
- (c) Revaluations – The frequency of revaluations will move to three years following the next revaluation, currently due in 2022. A consultation on implementation is due in the spring.

Council tax - Local authorities will be able to increase the council tax premium from 50% to 100% in respect of empty properties.

Universal Credit – from January 2018 eligible claimants will be able to access up to a month's worth of Universal Credit within five days as an advance. The period of recovery will extend from six to twelve months. From February 2018 the government will remove the seven-day waiting period, and from April 2018 claimants on Housing Benefit will continue to receive this for the first two weeks of their Universal Credit claim. Roll out will be more gradual, with all jobcentres implementing Universal Credit by December 2018. £8 million will be allocated to trialling approaches to increase earnings of individuals on Universal Credit.

Housing – An additional £15.3 billion of new financial support will be made available creating a total of at least £44 billion of capital funding over the next five years (including grant, loans and guarantees) to support the target of 300,000 net additional homes per year by mid-2020s. Initiatives include:

(a) Local authorities in areas of high demand - details to be confirmed - will be invited to bid for increases in their HRA borrowing caps from 2019-20, up to a total of £1 billion by the end of 2021-22.

(b) The Budget confirms the extra £2 billion promised by the Prime Minister in October for the Affordable Homes Programme.

(c) An additional £1.5 billion will be put forward for the Home Building Fund to support SME builders.

(d) £630 million small sites fund to unlock 40,000 homes through investment in infrastructure and remediation.

(e) £2.7 billion to more than double the Housing Infrastructure Fund.

(f) The HCA will expand to become Homes England – bringing together money, expertise and planning and CPO powers to facilitate the delivery of new homes where they are needed

Planning – The Government will consult on policies to increase density in urban areas, including: minimum densities for housing development in city centres and around transport hubs; greater support for the use of compulsory purchase powers for site assembly; and a permitted development right to allow commercial buildings to be demolished and replaced with homes. Also, Oliver Letwin MP will chair a review of unbuilt planning permissions and if there is evidence of land banking then government will intervene through CPO and direct intervention.

Health & Social Care. On NHS Funding, the government will provide £2.8 billion of additional funding in England to 2020. £335 million of this will be provided over the coming winter, £1.6 billion in 2018-19, and £900 million in 2019-20. £2.6 billion of the £3.5 billion of new capital funding for the NHS in England will be for local groups of NHS organisations to deliver transformation schemes that improve their ability to meet demand for local services. Also, the government will provide an additional £42 million for the Disabled Facilities Grant in 2017-18, bringing the total budget for this year to £473 million.

Crossrail 2 – The government will continue to work with Transport for London on developing fair and affordable plans for Crossrail 2, including through an independent review of funding and financing.

Schools - Additional support will be provided to support maths teaching, including £18 million to support specialist maths schools and £27 million to expand the Teaching for Mastery maths program. Schools will also receive an additional £600 for every pupil that takes Mathematics or Further Mathematics A-level. Also, £84 million will be provided to upskill 8,000 computer science teachers and £20 million will be provided to support the introduction of T-levels.

Public Sector Pay – the relevant Secretaries of State will be writing to the various Pay Review Bodies to initiate the 2018-19 pay round, call for evidence on each profession, and await the PRB recommendations in the spring.