

Local Government Association

2020 Spending Review: On the Day Briefing

25 November 2020



The 2020 Spending Review outlines the Government's spending plans for 2021/22 by setting budgets for each central government department. The full set of documents is available on the [Treasury website](#).

The LGA has [published a media statement](#) responding to the announcements. We have also published press releases on the following:

- [LGA responds to Spending Review rough sleeping and homelessness funding](#)
- [LGA responds to Spending Review children's services funding](#)
- [LGA responds to Spending Review social care and public health announcements](#)
- [LGA responds to Spending Review housing funding announcement](#)
- [LGA responds to additional Spending Review funding for road repairs](#)
- [LGA responds to Spending Review Levelling Up Fund](#)
- [LGA responds to Spending Review Restart programme for long term unemployed](#)
- [LGA responds to Spending Review UK Shared Prosperity Fund announcement](#)

Key messages

- This year's Spending Review provides more certainty for councils next year, but the long-term outlook remains unclear. Public finances will undoubtedly be under huge strain in the years ahead but investment in our local public services is critical to our national recovery next year and beyond.
- It is good that the Spending Review has provided a potential increase of 4.5 per cent in council core spending power to support vital local services. However, this assumes that council tax bills will rise by 5 per cent next year, and this will place a significant financial burden on households in a year of economic uncertainty.
- We welcome new funding for adult and children's social care which have been particularly impacted by the pandemic. This will help address some - but not all - of the pressures these services face next year as councils will still have to find savings to already stretched budgets. In addition, council tax rises – particularly the adult social care precept – have never been the answer to the long-term pressures faced by councils, particularly in social care and is not the long-term solution which is desperately needed.
- For children's social care, significant additional funding will be needed if we are to provide the support children, young people and their families need. This includes early help funding to avoid families reaching crisis point, and sufficient funding for those children and families who need more intensive child protection responses. As a starting point, the £1.7 billion removed from the Early Intervention Grant since 2010 should be reinstated.

Briefing

- We have warned about record numbers of households already claiming a discount on their council tax, so we are pleased the Government will provide funding to help councils provide vital support for those on low incomes who may struggle to pay.
- It is disappointing that the Spending Review did not include additional funding for public health. This runs contrary to addressing the stark health inequalities exposed by COVID-19 and levelling up our communities. Keeping people healthy and well throughout their lives reduces pressure on the NHS and social care.
- Council services have been critical in the fight against COVID-19 and it is good that the Chancellor has provided further funding for councils to manage the cost pressures they face as a result of the pandemic.
- Councils will continue to face demand pressures on day-to-day services -some pre-existing and others made more significant by the impact of COVID-19 – amid substantial income losses. The Chancellor’s pledge to compensate for 75 per cent of irrecoverable council tax and business rates income and to extend the scheme to fund a portion of councils’ lost income from fees and charges during the early part of the next year provides some much-needed stability but will need to be kept under review and probably extended.
- It is good that the Government is introducing a new Levelling Up Fund which will help to tackle our complex and fragmented funding system for local areas, which we have long warned about. Councils are concerned about the prospect of a competitive bidding process at a time when they are focused on protecting communities and businesses from the impact of the pandemic. Decisions about local investments are best made by working with councils, who know the needs of their areas best. Government should ensure that this fund produces the best possible outcomes by working closely with councils and local communities. The cut in the Public Works Loan Board lending rate, which councils and the LGA have campaigned for, is also positive.
- We recognise that in addressing the urgency of the support needed for councils and their communities, Government has used many existing centralised processes and funding streams to ensure speed. In the coming months, we must refresh the debate on English devolution. We have stated that Brexit cannot result in a centralisation of powers in Whitehall and we must take the opportunity to devolve real power to our diverse communities through local government. We offer to work with the Government to co-produce the delayed White Paper on devolution.
- The Government’s investment of £1.7 billion for local road repairs is also positive as it will help councils support their communities and help tackle our local road repairs backlog. Going forward, it is important for councils to have more long-term certainty of funding support so they can make the most of this new infrastructure strategy.
- The announced funding for building safety remediation will be helpful however, it will not be enough to protect leaseholders. The cladding crisis affects hundreds of thousands of leasehold residents who are utterly blameless. Not only will the costs of fixing buildings often be beyond their means, but leaseholders face the cost of waking watches and insurance hikes, while trapped in flats they are unable to sell or remortgage. Government

should act soon to avoid this crisis spreading throughout the housing market and damaging the economy.

- We welcome the additional funding from the Government to tackle rough sleeping which will help councils to continue their ongoing efforts to support people at risk. Councils have done an incredible job getting people sleeping rough off the streets and have accommodated more than 29,000 people who have faced homelessness since the start of the year.
- We also urge the Government to temporarily remove the No Recourse to Public Funds condition. This would reduce public health risks and ease the pressure on homelessness services by enabling vulnerable people to access welfare benefits, who are currently unable to do so because of their immigration status. We continue to call for a long-term shift towards investing in homelessness prevention services and for councils to be given powers to kickstart a post-pandemic building boom of 100,000 new social homes for rent each year, including reform of Right to Buy.
- Only with the right funding and freedoms, can councils lead local efforts to level up the stark inequalities the pandemic has exposed and level up the economy so that it benefits everyone.

The Spending Review in detail

Public finances and general funding for local government

The Chancellor announced that:

- The Government has set Total Revenue Departmental Spending in 2021/22 at £384.6 billion, a 4 per cent increase in cash terms from 2020/21. *(Page 43, paragraph 4.3)*
- Local authority core spending power is projected by the Government to rise by 4.5 per cent in cash terms, or £2.2 billion in 2021/22. This increase is largely due to the ability of social care authorities to increase their council tax bills by up to 5 per cent (this is covered in more detail elsewhere in the briefing). Revenue Support grant will increase in line with inflation. *(Page 6, paragraph 31; Page 75, paragraph 6.66)*
- The underlying general funding to local government (also known as the local government Departmental Expenditure Limit (LG DEL)) will rise by £0.5 billion, or 5.8 per cent in cash terms. This compares to a 4.8 per cent cash terms increase to NHS England, a 4.3 per cent cash terms increase to education and a 2.6 per cent cash terms increase to defence.

Measure	2020/21, £bn	2021/22, £bn	Change, £bn	% change, cash terms
Local government core spending power*	49.0	51.2	2.2	4.5%
Local Government Department Expenditure Limit	8.6	9.1	0.5	5.8%

NHS England, day-to-day	129.9	136.1	6.2	4.8%
Department for education, day-to-day	67.8	70.7	2.9	4.3%
Defence, day-to-day	30.7	31.5	0.8	2.6%
Total Revenue Departmental Spending	369.9	384.6	14.7	4.0

Note: The figures in the table are for core funding and do not include COVID-19 funding.

* Subject to data changes, the final figures will be published in the 2021/22 local government finance settlement

Source: (LGA analysis of Spending Review book figures: page 6, paragraph 31; table 1.2, page 19; table 6.3, page 61; table 6.11, page 67; table 6.16, page 74; table C.3, page 106-107.)

LGA view

- It is good that that today's Spending Review provides a potential increase of 4.5 per cent in council core spending power next year to support vital local services. However, this assumes council tax bills will rise by 5 per cent next year which will place a significant burden on households.
- Councils will still have to find savings to already stretched budgets in order to plug funding gaps and meet their legal duty to set a balanced budget next year.
- Council tax rises have never been the answer to the long-term pressures faced by councils, particularly in social care, raising different amounts of money in different areas, unrelated to need. It is not the long-term solution which is desperately needed. We have warned about record numbers already claiming a discount on their council tax due to the pandemic and are pleased the Government will provide funding to help councils provide vital support for those on low incomes who may struggle to pay.
- Overall, the Spending Review provides more certainty for councils next year but the long-term outlook remains unclear. Public finances will undoubtedly be under huge strain in the years ahead but investment in our local public services is critical to our national recovery next year and beyond. Only with the right funding and freedoms, can councils lead local efforts to level up the stark inequalities the pandemic has exposed and level up the economy so that it benefits everyone.

Funding for local authority COVID-19 pressures

The Chancellor announced that:

- To support local authorities in England with COVID-19 pressures next year, the Government expects to provide over £3 billion in additional support. The additional support includes £1.55 billion to meet additional expenditure pressures as a result of COVID-19, £670 million to support households that are least able to afford council tax payments, £762 million to compensate for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020/21, and extending the existing COVID-19 sales, fees and charges

reimbursement scheme for a further 3 months until the end of June 2021
(Page 75, paragraph 6.65)

LGA view

- Council services have been critical in the fight against COVID-19 and it is good that the Chancellor has provided further funding for councils to manage the cost pressures they face as a result of the pandemic.
- The Chancellor's pledge to compensate for 75 per cent of irrecoverable council tax and business rates income and to extend the scheme to fund a portion of councils lost income from fees and charges during the early part of the next year provide some much-needed stability but will need to be reviewed and probably extended.

Fair Funding Review

The Chancellor confirmed that:

- As announced earlier this year, the implementation of the fair funding review has been delayed. (Page 75, paragraph 6.70)
- The Spending Review does not specify when the review will be revisited.

LGA view

- The impact of the pandemic has not changed the way general Government grants are distributed between councils and remains complex, opaque and out of date. It is not possible to succinctly explain why the funding allocations for different councils are what they are. However, it is also clear that any review of distribution arrangements puts a multi-year local government finance settlement at risk, with an impact on certainty.
- We are calling on the Government to resume the Fair Funding Review, but with a guarantee that the transitional mechanisms ensure that no councils experience a loss of income.
- Councils had to revisit and revise many of their services to react to the impact of the pandemic and it is yet to be seen how permanent some of those shifts are. This means that, when the Fair Funding Review is relaunched, the Government needs to review progress made to date to ensure that it is still fit for purpose, or flexible enough to deal with any such shifts in council service models.

Business Rates

The Chancellor announced that:

- The Government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021. (Page 75, paragraph 6.69)
- The Government has decided to freeze the business rates multiplier in 2021/22, saving businesses in England an estimated £575 million over the

next five years. Local authorities will be fully compensated for this decision. *(Page 75, paragraph 6.69)*

- The Government is also considering options for further COVID-19 related support through business rates reliefs. In order to ensure that any decisions best meet the evolving challenges presented by COVID-19, the Government will outline plans for 2021/22 reliefs in the New Year. *(Page 26, paragraph 2.10)*
- Earlier this year, the Government announced that it would delay the move to 75 per cent Business Rates Retention and the implementation of the fair funding review. This decision allowed local authorities to focus on meeting the public health challenge posed by the pandemic. In order to provide further stability to the sector, the Government has decided not to proceed with a reset of business rates baselines in 2021/22 and will maintain the existing 100 per cent business rates pilots for a further year. *(Page 75 paragraph 6.70)*

LGA view

- We welcome the fact that local government will be fully compensated for the freezing of the business rates multiplier in 2021/22. However, this decision reduces buoyancy in the business rates system, and without alternative means of funding, council income would reduce.
- In our [response to the Call for Evidence for the Business Rates Review](#), we stated that although property continues to provide a good basis for a local tax on business, we cannot look to business rates to form such a substantial part of local government funding in the future and alternative means of funding councils will be needed instead or as well as a reformed business rates system.
- The move to 75 per cent business rates retention should only be revisited, if appropriate, once the business rates review concludes. We call on the Government to take early and decisive steps to provide councils with as much certainty as possible after the conclusion of the Business Rates Review in Spring 2021.
- Not resetting the business rates baseline will provide councils with some of the funding certainty and stability they need for next year.

Council tax

The Chancellor announced that:

- Local authorities will be able to levy a three per cent adult social care precept. *(Page 75, paragraph 6.67)*
- The referendum threshold for increases in council tax will remain at two per cent in 2021/22. MHCLG will set out full details of the council tax referendum principles and adult social care precept flexibility as part of the consultation on the detailed methodology for the Local Government Finance Settlement for 2021/22. *(Page 75, paragraph 6.68)*
- Police and Crime Commissioners (PCCs) in England will have the flexibility to increase funding in 2021/22 with a £15 council tax referendum limit on a Band D property. *(Page 64, paragraph 6.23)*

LGA view

- Whilst it is good that there will be flexibility for councils to raise the adult social care precept by a further 3 per cent in 2021/22, this is not a sustainable solution.
- An increase in council tax of up to 5 per cent will place a significant burden on households. In addition, increasing council tax raises different amounts of money in different parts of the country, unrelated to need.
- We have always maintained that the council tax referendum limit should be abolished so councils and their communities can decide how local services are paid for, with residents able to democratically hold their council to account through the ballot box.

New Homes Bonus

The Chancellor announced that:

- The Government will maintain the existing New Homes Bonus scheme for a further year with no new legacy payments (*Page 75, paragraph 6.66*)
- The Government will consult on reforms to the New Homes Bonus shortly, with a view to implementing reform in 2022/23. (*Page 75, paragraph 6.70*)

LGA view

- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities. The Government needs to work closely with councils as part of its review of housing incentives in order to ensure it helps us deliver more homes and works for local government. It is important that sufficient clarity about the outcome of the review, is provided to councils as soon as possible to allow them to plan their 2022/23 budgets and beyond.

Public Sector Pay and the National Living Wage

The Chancellor announced that:

- In order to protect jobs and ensure fairness, pay rises in the public sector will be restrained and targeted in 2021/22. Given the unique impact of COVID-19 on the health service, and despite the challenging economic context, the Government will continue to provide for pay rises for over 1 million NHS workers. In setting the level for these rises the Government will need to take into account the challenging fiscal and economic context. The NHS Pay Review Body and Doctor and Dentist's Review Body will report as usual next spring, and the Government will take their recommendations into account. The Government will also prioritise the lowest paid, with 2.1 million public sector workers earning less than £24,000 receiving a minimum £250 increase. (*Page 21, paragraph 1.31*)
- For the rest of the public sector the Government will pause pay rises in 2021/22. The pay bill represents around 25 per cent of total Government

expenditure. Pausing headline pay awards next year for some workforces will allow the Government to protect public sector jobs and investment in public services to respond to spending pressures from COVID-19. It will also avoid further expansion of the gap between public and private sector reward. *(Page 21, paragraph 1.32)*

- The Government also remains committed to continuing to support the low-paid. Therefore, following the recommendations of the independent Low Pay Commission (LPC), the Government will increase the National Living Wage (NLW) for individuals aged 23 and over by 2.2 per cent from £8.72 to £8.91, effective from April 2021. This follows the Government's acceptance of a previous recommendation from the LPC that the NLW apply to those 23 and over from April 2021. *(Page 21, paragraph 1.33)*
- The Government has also accepted the LPC's recommendations for the other National Minimum Wage (NMW) rates to apply from April 2021, including increasing the rate for apprentices by 3.6 per cent from £4.15 to £4.30 per hour. *(Page 22, paragraph 1.35)*

LGA view

- The Government has no formal role in the decisions around annual local government pay increases which are developed through negotiations with the trade unions.
- Calculations around the affordability of pay increases take full account of the financial settlement given overall to local government but this is not the only factor involved. Thus, the Government cannot automatically impose a pay freeze in local government unless it uses a legislative route to do so.
- This means also that the announcement of an increase of £250 for employees earning less than the national median wage of £24,000 per annum does not apply automatically for local government staff (30 per cent of whom earn below this salary), as was made clear after a similar announcement by the then Chancellor in 2010/11.
- If applied in local government, an increase of £250 to each employee earning £24 thousand or less would cost in the region of £100 million.
- A pay claim for 2021/22 is expected from the trade unions very soon and the negotiations will need to take account of a variety of factors, including the redundancy programmes that have already begun as a result of the financial effects of the pandemic.
- The LGA will be seeking clarity on which groups of local authority employed staff such as health visitors and school nurses, if any, will be covered by the announced pay increase for health staff including nurses.
- Pay for teaching staff is set by a pay review body following a remit set by the Government. Teachers have been a key part of the community response during the pandemic, ensuring schools remained open for key workers, providing a safe haven for priority children and finding innovative ways to keep children learning. A pay freeze for teachers may exacerbate existing recruitment and retention challenges, particularly for teachers in key subject areas.

- The LGA will work with partners to understand the costs in social care of the announced increase in the National Living Wage (NLW) as around 50 per cent of social care workers are paid around the NLW level.

Adult social care

The Chancellor announced that:

- Announcements at SR20 enable local authorities to access over £1 billion of spending for social care through £300 million of social care grant and the ability to levy a 3 per cent adult social care precept. This funding is additional to the £1 billion social care grant announced last year which is being maintained. The Government expects to provide local authorities with over £3 billion to address COVID-19 pressures, including in adult social care. This will support councils to maintain care services while keeping up with rising demand and recovering from the impact of COVID-19. *(Page 44, paragraph 4.10)*
- In the longer term, the Government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year. *(Page 44, paragraph 4.10)*
- £2.1 billion provided to local authorities through the improved Better Care Fund which will be pooled with the NHS to help meet adult social care needs and reduce pressures on the NHS. *(Page 48, paragraph 4.29)*
- SR20 will support the delivery of the Long Term Plan for the NHS. It also provides significant funding for the adult social care sector. This spending disproportionately benefits older individuals. *(Page 94, paragraph A.7)*

LGA view:

- As welcome as the measures are for enabling councils to have access to additional funding for adult social care, and the continuation of improved Better Care Fund funding, only £300 million appears to be genuinely new grant funding and is for both children's and adult social care. The social care precept provides limited means to raise additional funding, but it is not sustainable; it raises different amounts of money in different parts of the country, is unrelated to need and adds an extra financial burden on households.
- Much of it will also be immediately used to fund care providers to enable them to fund increases in the National Living Wage and National Minimum Wage (see Workforce section for further commentary).
- Adult social care faces cost pressures of £4.8 billion in 2021/22, including £533 million pressures arising just from COVID-19, which continue into 2021/22. And a one-year deal provides absolutely none of the certainty social care desperately needs to be able to plan for beyond the next twelve months. This will make it difficult for the NHS and local government to invest jointly in integrated services aimed at improving health outcomes, reducing health inequalities and increasing the resilience and wellbeing of our communities.
- This is a continuation of the sticking plaster approach to funding adult social care. The Prime Minister promised to 'fix social care' in July 2019

and everyone connected to social care is frustrated by the lack of progress on this crucial agenda; there must be no further delays to the process of reform.

- The pandemic has demonstrated to the public the immense value of adult social care to lead the life they want to lead, and it is disappointing that the Spending Review has not recognised the crucial role it plays. The pandemic has also demonstrated the enormous contribution made by our committed and dedicated care workforce. The Spending Review has missed the opportunity to recognise this contribution and to deliver parity of esteem with the equally invaluable workforce of the NHS.

Health (NHS)

The Chancellor announced:

- £52 billion for frontline health services to tackle the pandemic including £22 billion for the Test and Trace programme, over £15 billion for the procurement of personal protective equipment (PPE) and £2.7 billion to support the development and procurement of vaccines. *(Page 27, paragraph 2.12)*
- The Government will provide an additional £3 billion next year to support the NHS recovery from the impacts of COVID-19. This includes around £1 billion to begin tackling the elective backlog, enough funding to enable hospitals to cut long waits for care by carrying out up to one million extra checks, scans and additional operations or other procedures. The remainder of the funding will address waiting times for mental health services, give more people the mental health support they need, invest in the NHS workforce and help ease existing pressures in the NHS caused by COVID-19. The Government also remains committed to providing PPE to frontline workers to protect them from COVID-19 and reduce transmission. On top of over £15 billion for PPE purchases and logistics already provided in this financial year, SR20 provides £2.1 billion to purchase and store PPE, sufficient funding to meet expected demand and maintain a 4 month stockpile across 2021/22. *(Page 28, paragraph 2.18)*
- £4.2 billion for NHS operational investment next year to allow hospitals to refurbish and maintain their infrastructure, and £325 million of new investment in NHS diagnostics equipment to improve clinical outcomes. *(Page 33, paragraph 3.4)*

LGA view:

- We welcome the additional resources to support frontline health services to continue to respond effectively to the pandemic, and to rapidly roll out an extensive vaccination programme. However, it is crucial that this is planned and delivered in partnership with local councils, who will also need additional resources.
- We welcome the additional funding to the NHS in order to get back on track with the treatment backlog that has built up since March 2109. However it is important to note the starkly different funding context for the NHS, compared with local government, before SR20.
- The settlement for the NHS from 2019/20 to 2023/24 represented an annual average 3.4 per cent real terms increase when it was announced in

2019. In addition, in April 2020, the Government announced that NHS debt affecting over 100 hospitals and amounting to £13.4 billion would be written off to allow them to invest in maintaining services and longer-term infrastructure improvements. In comparison, no such concessions have been made to local government, despite having to face the same demanding situation as the NHS.

- We welcome investment in NHS infrastructure, but this needs to be matched with investment in community support, including adult social care, to ensure that all people requiring care and support get the right care, in the right place, at the right time. This should be in, or as close to, their own homes as possible. Investing in hospitals will not achieve the NHS Long Term Plan objective of rebalancing investment towards community and primary care.

Public Health

The Chancellor announced that:

- SR20 confirms an additional £25.8 million to increase the value of Healthy Start Vouchers to £4.25 in line with the recommendation of the National Food Strategy. *(Page 60, paragraph 6.9)*
- Local authority spending through the public health grant will also continue to be maintained and the Government will set out further significant action that it is taking to improve the population's health in the coming months. *(Page 60, paragraph 6.9)*

LGA view

- We are pleased that the Government has recognised the importance of improving access to vitamins, milk and fresh fruit and vegetables, for disadvantaged and low-income families. The Government should now commit to accelerating the digitalisation of the voucher scheme to ensure the vouchers are accessible and non-stigmatising for those that need them most.
- It is positive that the Government has issued its firm commitment to improving the health of the nation as part of the COVID-19 recovery. It is, however, extremely short-sighted to accompany this with no increase to the public health grant.
- Despite councils' good work, the current funding model for public health is not sustainable. We have warned repeatedly that local authorities' public health grant funding has reduced by over £700 million in real terms between 2015/16 and 2020/21. The lack of new funding for public health runs contrary to the aim of addressing the stark health inequalities exposed by COVID-19 and levelling up our communities. It is also out of step from increases in funding for the NHS. Keeping people healthy and well throughout their lives reduces pressure on the NHS and social care.
- Over the coming months the Government should consult in detail with local public health systems to ensure the correct capacity and resource to continue to provide essential public health services.

Disabled Facilities Grant and Care and Support Specialised Housing Fund

The Chancellor announced that:

- SR20 includes an investment of £573 million in Disabled Facilities Grants and £71 million in the Care and Support Specialised Housing Fund, supporting people to live independently. *(Page 60, paragraph 6.11)*

LGA view:

- We are pleased that Government has listened to our call to increase Disabled Facilities Grants which will go some way towards meeting demand for adaptations. The funding will enable councils to adapt more of the existing housing stock to help older people and disabled adults and children to live independently in their own homes for longer, improving wellbeing and preventing further pressure on social care and health systems. We continue to encourage Government also to consider improvements other aspects of people's homes that help people to live healthier lives, such as tackling damp and cold homes.
- Today's boost to the Care and Support Specialised Housing Fund is a step in the right direction for improving the supply of affordable of specialist housing for older people and adults with disabilities or mental health problems. The provision of suitably designed housing that meets people's practical and care needs is a vital part of ensuring that more people can live well in communities. Whilst our population continues to age, we also need to continue supporting people with disabilities or mental health needs, so it is vital that the capital and revenue costs of different types of supported housing are fully funded.

Mental Health

The Chancellor announced that:

- The additional £3 billion to support the NHS's recovery from the impact of COVID-19 includes around £500 million to address waiting times for mental health services, give more people the mental health support they need, and invest in the NHS workforce. *(Page 60, paragraph 6.4)*
- The DHSC settlement provides further investment in the NHS workforce. This includes £260 million for Health Education England to continue to grow our NHS workforce and support commitments made in the NHS Long Term Plan. This includes training more new nurses and doctors, delivering some of the biggest undergraduate intakes ever, and funding to increase the mental health workforce and deliver training to highly valued NHS staff. *(Page 60, paragraph 6.8)*

LGA view

- Additional funding for NHS mental health services should ensure that more people with higher levels of mental health needs can access timely support. Key to tackling the COVID-19 pandemic has been how to support the public's mental wellbeing, and maintaining the funding focus on treating mental ill-health means a missed opportunity to develop locally-led approaches to helping people stay mentally well as we emerge from the pandemic and throughout their lives. Councils' statutory children's and

adults mental health services and wider public health responsibilities need parity of esteem with NHS mental health services, so that councils can help the whole population to be mentally healthy, prevent the escalation to clinical services and work with health colleagues to support people of all ages who are mentally unwell.

- It is important to recognise that a significant proportion of the mental health workforce, in particular professionals working in early intervention and community support, are employed in local government. It is crucial that the whole of the mental health workforce is properly supported, whether employed by local government, by private and voluntary providers and the NHS. Therefore, the LGA is calling for equivalent investment in the mental health of social care staff. Creating workplaces and working cultures where care staff are supported, motivated and nurtured to thrive is essential to supporting their wellbeing and mental health.

Preparations for the end of the Transition Period

The Chancellor announced that:

- £363 million to recruit 1,100 Border Force officers to deliver transit customs arrangements and to continue supporting law enforcement cooperation with EU member states from 1 January 2021. *(Page 53, box 5.1)*
- £572 million to the Department for Environment, Food and Rural Affairs to seize the opportunities resulting from environmental, regulatory and economic independence for the UK, including ambitious regulatory reforms which will enable the UK to take ownership of its own agenda. *(Page 53, box 5.1)*

LGA view

- Councils face many challenges this winter, including the priority to support and protect their communities during the COVID epidemic. Councils' capacity and resources are fully stretched. Additional work resulting from the end of EU transition must be seen in this context.
- Through their regulatory work at ports, councils will be on the frontline of changes to import and export controls following the end of the transition period, but additional funding has only been provided until March 2021. It is vital that the Government commits to extending funding beyond this period, given that the greatest impact of these changes will be in July 2021, and that this funding ensures councils do not experience funding shortfalls until additional revenue can be generated to support additional work.
- There will also be increased demands on councils to support businesses navigating their way through a changing regulatory environment. COVID-19 has highlighted the vital work local regulatory services do, and the capacity issues these services are already experiencing, with a shortage of existing trained officers and limited pipeline of new officers coming through to support additional work linked to transition.
- Maintaining sufficient capacity and resilience in local regulatory services to enable councils to support local businesses must therefore be a fundamental part of post-transition planning.

UK Shared Prosperity Fund (UKSPF)

The Chancellor announced that:

- The Government is supporting the regeneration of towns and communities by targeting further investment at places most in need by supporting places, such as former industrial areas, deprived towns and coastal communities, by setting out what the UK Shared Prosperity Fund (UKSPF) will invest in and how it will be targeted (see Box 3.1) *(Page 36, paragraph 3.16 and page 37, box 3.1)*
- SR20 sets out how the UK Shared Prosperity Fund (UKSPF) will help to level up and create opportunity for people and places across the UK and provides £220 million additional funding to help local areas prepare over 2021/22 for the introduction of the UKSPF *(Page 73, paragraph 6.60)*

LGA view

- Since the referendum, the LGA has been lobbying Government to ensure that there was a domestic replacement for EU funds. The SR contains the “Heads of Terms” for the UKSPF (the Government’s replacement of the European Structural and Investment Funds) and confirms that the fund will be at least £1.5 billion a year. We welcome the clarity this announcement has brought to local government, and we look forward to further detail.
- Local government has made an offer to co-design the programme with Government and the investment framework for local areas that sits behind this. The investment proposals and specific outcomes defined in the UK-wide investment framework need to be locally determined by councils and combined authorities, who have a democratic mandate to represent their communities, as well as respect current local decision making and devolution agreements.
- The additional £220 million to help local areas transition to the UKSPF in 2021/22 by running pilots and new approaches is welcomed and prevents a financial cliff edge. The Government must now work with all local areas to ensure there is a smooth transition to the new funding regime.
- We will be working with the Welsh LGA to ensure that the new funds meets the needs of councils in Wales.

Digital Connectivity

The Chancellor announced:

- Over £260 million for transformative digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Diversification and Testbeds and Trials Programmes. *(Page 33, paragraph 3.4)*
- £1.2 billion to subsidise the rollout of gigabit-capable broadband, as part of the Government’s £5 billion commitment to support rollout to the hardest to reach areas of the UK. *(Page 34, paragraph 3.5)*

LGA view

- As the last few months have highlighted, access to fast and reliable digital connectivity is a necessity for communities and businesses across the country and will be essential to keeping pace with developments across the globe as we emerge from the pandemic.
- We welcomed the previously announced Shared Rural Network as good news for our communities. It is now vital that mobile network operators and the Government work with local authorities to deliver this ambitious programme.
- It is positive that the Government has confirmed the first four years of funding for the £5 billion Gigabit Broadband programme. We continue to be concerned by the Government's intention to manage this programme centrally from Whitehall. We believe that the success of the Superfast Broadband Programme demonstrates how councils' local knowledge and expertise can make all the difference to a well-managed roll out. We remain committed to working with Government to help design an approach to roll out that will benefit from the local expertise of councils.
- Finally, we note the Government has revised down its target of rolling out 100 per cent gigabit-capable broadband by 2025. It will now aim for a minimum of 85 per cent gigabit capable coverage, but will seek to accelerate roll-out further to get as close to 100 per cent as possible. We had previously outlined our reservations as to whether the Government's original 100 per cent ambition was achievable by 2025.

Freeports

The Chancellor announced that:

- The Government is supporting the regeneration of towns and communities by targeting further investment at places most in need by delivering 10 Freeports across the UK – at least one in each of England, Scotland, Wales and Northern Ireland – to bring jobs, investment and prosperity to some of the most deprived communities. The programme aims to establish Freeports as national hubs for global trade and investment across the UK, promote regeneration and job creation and create hotbeds for innovation. *(Page 36, paragraph 3.16)*

LGA view

- Following our calls to Government, we welcomed its commitment in the Freeports Bidding Prospectus to consider more than 10 freeports if bids are particularly strong. It is also positive that seed capital will be provided to winning areas to address local infrastructure constraints. It will be vital that freeports create new jobs and opportunities for local people. We have therefore asked that Government remains alive to the risk of domestic economic displacement of UK domestic businesses in its assessment of bids and as it progresses with winning areas.

Levelling Up Fund

- The Government is launching a new Levelling Up Fund worth £4 billion for England. Moving away from a fragmented landscape with multiple funding streams, this new cross-departmental fund for England will invest in a broad range of high value local projects up to £20 million, or more by

exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. *(Page 36, paragraph 3.16)*

- It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less Government investment in recent years. Spending Review 2020 makes available up to £600 million in 2021/22. The Government will publish a prospectus for the fund and launch the first round of competitions in the New Year. *(Page 72, paragraph 6.57)*

LGA view

- Councils across the country work hard to invest in improvements in their local communities so it is good that the Government is introducing this new Levelling Up Fund.
- It is good news that this fund moves to tackle our complex and fragmented funding system, which we have long warned about. However, we are concerned by the prospect of a competitive bidding process at a time when councils want to be fully focused on protecting communities and businesses from the impact of the pandemic.
- The best way to make decisions about local investment is by working with councils, who know the needs of their areas best. We want to work with the Government to ensure this fund produces the best possible outcomes for local communities.

National Infrastructure Strategy

The Chancellor announced that:

- Increased infrastructure investment is supported by a new National Infrastructure Strategy, which sets out the Government's plans to transform the UK's economic infrastructure. It is based around three central objectives: economic recovery, levelling up and unleashing the potential of the Union, and meeting the UK's net zero emissions target by 2050 *(Page 4, paragraph 22)*

LGA view

- We welcome the Government clearly setting out its infrastructure strategy in response to the National Infrastructure Assessment carried out by the National Infrastructure Commission.
- We supported the Commission's recommendation, as set out in their National Infrastructure Assessment, that all transport authorities, including those without metro mayors, should have long term funding settlements in order to clearly plan their own infrastructure programmes. It is disappointing that the Government has not implemented this recommendation.

Borrowing framework and Public Works Loans Board

The Chancellor announced that:

- The Government will reform the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield. (*Page 76, paragraph 6.71*).
- The Government will cut PWLB lending rates to gilts + 100 base points for Standard Rate and gilts + 80 base points for Certainty Rate. (*Page 76, paragraph 6.71*)
- The Government has also announced the outcome of the Local Infrastructure Rate competition. Six authorities will benefit from £336 million in discounted lending for local infrastructure priorities (*Page 76, paragraph 6.71*)
- Alongside the Spending Review, the Government is publishing revised lending terms for the PWLB and guidance to support local authorities to determine if a proposed project is an appropriate use of PWLB loans. These new terms will apply to all loans arranged from 9am on 26 November. ([*Outcome of PWLB consultation*](#))

LGA view

- The cut in the PWLB lending rates reverses the increase in rates made in October 2019. This is something we have called for since the rate was increased and is welcomed.
- Under the revised lending terms, in order to qualify for any PWLB loans, council Finance Directors will be required to certify that there is no intention to buy investment assets primarily for yield at any point in the next three years. It is disappointing that this restriction applies on a 'whole plan' basis rather than linking specific spending with specific loans. There is a danger that this will make it difficult for local authorities to continue to access PWLB borrowing to support service delivery including housing and regeneration, or to refinance existing debt.

Road maintenance funding

The Chancellor announced:

- £1.7 billion in 2021/22 for local roads maintenance and upgrades to tackle potholes, relieve congestion and boost connectivity (*Page 77, paragraph 6.74*)

LGA view

- We welcome the Government delivering this boost to roads maintenance spending by including last year's additional pothole fund top up into the baseline for ongoing maintenance funding.
- Going forward, it is important for councils to have more long term certainty of funding support so they can make the most of this new infrastructure strategy.

Electric Vehicle Charging Infrastructure

The Chancellor announced:

- £90 million to fund local electric vehicle (EV) charging infrastructure to support the roll out of larger on-street charging schemes and rapid hubs in England. *(Page 39, paragraph 3.26)*

LGA view

- We welcome the Government's continued commitment to fund charging infrastructure which is crucial in order to meet our net zero targets.
- In order to accelerate uptake to meet the Government's new phase out date of petrol and diesel vehicles, we need a step change in the pace of delivery. We offer to work with Government to develop a much clearer role for councils in delivery and ensure that as well as grants for physical infrastructure, support and resources are given to build skills and capacity for local delivery.

Active Travel Infrastructure

The Chancellor announced that:

- To encourage more active travel, the Government has provided £257 million for cycling and walking in 2021/22, part of the Prime Minister's £2 billion commitment to cycling and walking across the parliament *(Page 39, paragraph 3.27)*

LGA view

- The long-term commitment of £2 billion across the Parliament to walking and cycling was a step in the right direction. The £257 million announced earlier this month is a welcome step for increasing walking and cycling provision.
- Councils need maximum flexibility and certainty in order to ensure that this money is spent quickly and effectively and to support engagement and consultation with local residents.

Review of Green Book appraisals

The Chancellor announced that:

- Alongside SR20 the Government has published [a review of the Green Book](#) *(page 48, paragraph 4.31)*

LGA view

- The [new Green Book](#) introduces changes to the way that business cases for projects are appraised. While the process remains mostly centralised, it is good that there will be a new requirement that business cases should be

developed to align with relevant local strategies and major interventions in the area. This is something we called for in our CSR submission and represents a step in the right direction.

Children's services

The Chancellor announced that:

- SR20 additionally provides capital investment in the education estate to support levelling up education across England, including £24 million in 2021/22 to start a new programme to maintain capacity and expand provision in secure children's homes. *(Page 63, paragraph 6.18)*
- The underlying core settlement for local authorities in 2021/22 includes £300 million of new grant funding for adult and children's social care, in addition to the £1 billion announced at SR19 that is being maintained in 2021/22 in line with the Government's commitment. *(Page 75, paragraph 6.66)*
- £165 million for local authorities through the Troubled Families programme, providing intensive support to families facing multiple interconnected problems. Funding is distributed by the Ministry of Housing, Communities and Local Government, with input from the Department for Education, the Department of Health and Social Care, the Ministry of Justice, HM Treasury and the Home Office. *(Page 48, paragraph 4.29)*

LGA view:

- The LGA has been highlighting the challenges facing councils in finding suitable homes for children with complex or challenging needs for some time, so the additional funding to maintain capacity and expand provision in secure children's homes is very welcome.
- It will be important for the Government to work closely with local authorities on the programme of expansion to ensure that settings are established where they are most needed and provide the best possible care for children and young people. It is also important to note that placement sufficiency is a challenge across the children's social care system and we are keen to work with the Government to find solutions to ensure all children in care have the homes they need.
- While it is positive that additional funding has been allocated for adult and children's social care, this will not be enough to tackle the challenges facing children's social care, which was already under strain prior to the pandemic as a result of increasing demand and long-term funding reductions. Significant additional funding for children's social care is urgently required, including for early help to avoid families reaching crisis point, and for those children and families who need more intensive child protection responses. As a starting point, the £1.7 billion removed from the Early Intervention Grant since 2010 should be reinstated.
- We are pleased that funding is being maintained for the Troubled Families programme. The programme has delivered real outcomes, demonstrating the benefits of cross-departmental support for a preventative, council-led approach to support.

- It is vital that we use this year to build on the learning and outcomes from the programme so far to further embed a locally-led and integrated approach to addressing multiple problems.
- The programme has demonstrated that investing in early help leads to genuinely improved outcomes and reduces pressure on frontline crisis support. This year provides an opportunity to review and develop the evidence base for sustained investment in 2022 and beyond.

Day-to-day school funding

The Chancellor confirmed that:

- At SR19 the Government set out a commitment to increase the core schools budget by £7.1 billion by 2022/23, compared to 2019/20 funding levels. SR20 reaffirms this commitment, with the Government's three-year investment representing the biggest school funding boost in a decade. The schools budget will increase from £47.6 billion in 2020/21 to £49.8 billion in 2021/22 – an uplift of £2.2 billion. *(Page 44, paragraph 4.12)*

LGA view

- The LGA welcomes the Government's announcement to increase schools budgets by £7.1 billion by 2022/23. The Government must now urgently confirm council high needs block allocations for 2021/22 and use the on-going review of Special Educational Needs and Disability (SEND) to give councils the powers and long-term certainty of funding to support children and young people with SEND.
- It is however disappointing that additional funding has not been made available to help cover the exceptional costs incurred by schools in responding to COVID-19 since they reopened in September.

School capital

The Chancellor announced that:

- SR20 additionally provides capital investment in the education estate to support levelling up education across England, including further detail on the Government's ten-year school rebuilding programme. The programme will launch with a commitment to 50 new school rebuilding projects a year across England. *(Page 63, paragraph 6.18)*
- Investment of £1.8 billion in 2021/22 to maintain and improve the condition of school buildings *(Page 63, paragraph 6.18)*
- £300 million in 2021/22 for new school places for children with special educational needs and disabilities, almost four times as much as the Government provided to local authorities in 2020/21 *(Page 63, paragraph 6.18)*

LGA view

- The LGA welcomes the announcement of funding for school rebuilding projects and an investment of £1.8 billion to maintain and improve the

condition of school buildings during 2021/22. To ensure this funding is easily accessible to those schools that need it, the Government must replace the existing, fragmented school capital funding arrangements with a single, local school capital fund.

- The LGA welcomes the £300 million for new school places for children with SEND during 2021/22. This funding recognises that councils continue to struggle to meet the year-on-year increase in demand for SEND support and we await further detail on how these places will be created.
- The DfE's review of SEND must deliver legislative reforms that increase levels of inclusion in mainstream schools and reduce the use of special and independent and non-maintained special school places, which are more expensive.

Early years

The chancellor announced:

- £44 million for early years education in 2021/22 to increase the hourly rate paid to childcare providers for the Government's free hours offer. (*Page 63, paragraph 6.19*)

LGA view

- The LGA has repeatedly raised concerns about the underfunding of the early entitlements, so additional funding is welcome.
- However, with many early years providers struggling in the light of COVID-19, it is disappointing that this is not a more significant and immediate investment to support providers during this time. It is crucial we retain the good quality early education and childcare that improves children's outcomes and reduces the disadvantage gap.

Youth services

The chancellor announced:

- Almost £100 million to deliver the National Citizen Service (NCS) and invest in youth facilities. The Government will review its programmes to support youth services including the NCS in the spring. (*Page 81, paragraph 6.88*)

LGA view

- COVID-19 has shown the importance of youth services and young people having safe spaces to go to, so we welcome additional funding to invest in youth facilities. However, more than 4,500 youth work jobs have been lost since 2010/11 due to funding reductions, therefore funding for staff and training is urgently needed in addition to funding for facilities.
- Local government and local youth services need confirmation of the £500 million promised to youth services in 2019 which will provide essential investment into the sector and support young people to achieve good outcomes.

- The LGA has repeatedly called for devolution of some NCS funding to local youth services, which can provide the year-round support that many young people need rather than a time-limited programme. We will look to work with the NCS Trust to consider how the NCS works with councils, and with Government on its review of programmes to support youth services, ensuring that funding is targeted towards areas it will be most effective.

Supporting jobs

The Chancellor announced that:

- £2.9 billion Restart programme will provide intensive and tailored support to over 1 million unemployed people and help them find work, with approximately £0.4 billion of funding in 2021/22 (*Page 29, paragraph 2.20*)
- Funding the £2 billion Kickstart scheme which will create hundreds of thousands of new, fully subsidised jobs for young people at risk of long-term unemployment across Great Britain. The SR20 settlement includes £1.6 billion in 2021/22 which will ensure funding for over 250,000 Kickstart jobs. (*Page 29, paragraph 2.20*)
- Investment of £375 million from the National Skills Fund in 2021/22, which will provide £138 million for the Government's commitment to fund in-demand technical courses for adults, equivalent to A level, and to expand the employer-led boot camp training model. (*Page 62, paragraph 6.17*)
- On Apprenticeships, the Government is:
 - making available £2.5 billion of funding for apprenticeships and further improvements;
 - allowing levy paying employers to transfer unspent levy funds in bulk to Small and Medium-sized Enterprises (SMEs) with a new pledge function from August 2021.
 - confirming unspent Levy funds will continue to expire after 24 months;
 - introducing a new online service to match levy payers with SMEs that share their business priorities for the purposes of Levy transfer from August 2021;
 - allowing employers in construction and health and social care to front-load training for certain apprenticeship standards from April 2021 and explore whether this offer can be extended to other sectors;
 - testing approaches to supporting apprenticeships in industries with more flexible working patterns in 2020/21, including considering how to best support apprenticeship training agencies;
 - extending incentive payments for hiring a new apprentice introduced in the Plan for Jobs to 31 March 2021. (*Page 62, paragraph 6.17*)

LGA view

- The Chancellor has rightly prioritised jobs in this Spending Review. With millions displaced from the labour market and needing to find work and reskill due to the COVID-19 crisis, we need to align job creation and employability measures including skills, so no community is left behind.

- The economic and social challenges facing our communities will vary across the nation. National and local government should combine resources and expertise to deliver for people and businesses hard hit by the crisis and co-design the solutions.
- Investment in the low-carbon economy provides an opportunity to create further employment opportunities. In 2030 across England there could be as many as 694,000 direct jobs employed in the low-carbon and renewable energy economy, rising to over 1.18 million by 2050.

Restart

- We face a growing and stark unemployment challenge. Support for people who are long term unemployed is urgently needed and Restart must be delivered in the right way to reduce the scarring effect of unemployment on communities. There is strong evidence that localised and devolved programmes deliver more sustained outcomes and that centralised employment and skills schemes struggle to deliver for the economy, employers or individuals.
- Support to the long-term unemployment needs to be as close as possible to local communities and the local services they rely on including housing, health, training and debt management. Local government offers to work with the Government to plan, commission and deliver Restart so it can align with local services and training opportunities. Councils are in the unique position locally to bring together a range of local organisations including charities, housing associations, councils, and training providers as well as Department for Work and Pensions (DWP) prime providers.
- Local government stands ready to make this happen with the right level of resource. The Government should work with us to plan Restart so it is delivered to optimal impact for people and places.

Kickstart

- Local government is already working hard to make a success of and coordinate the Kickstart scheme locally, working with providers and Jobcentre Plus. The first phase excluded 16-17 year olds at risk of unemployment. We believe this next phase of Kickstart should be extended to this group, and that [local government should be able to refer this group into the Scheme](#).
- Kickstart will work best for young people, businesses and communities if it is planned and delivered in partnership locally. That requires real collaboration at a local authority level between national Government and its agencies, local government, employers and providers to ensure the offer is coordinated, promoted, signposted, targeted and delivered. [DWP must build local government into the further iterations of the Scheme as we have already set out](#).

In-demand technical courses for adults

- Using the National Skills Fund to fund free Level 3 courses for adults not yet qualified to these levels is welcome. We encourage the Chancellor to go further by devolving and localising this support so that it is customised to

local need and can offer a clear pathway to further learning and work in places where people live.

- We continue to recommend the Government at least doubles funding for the Adult Education Budget to increase support for the nine million people across England that lack basic literacy and numeracy skills.

Apprenticeships

- The Government has listened to employers and is introducing some long overdue reforms to the apprenticeship levy. The extension of the £2,000 apprenticeship incentive payments and the introduction of a new service to match levy payers with SMEs that want to receive a transfer of funds should both help to create more apprenticeship opportunities.
- We continue to urge the Government to go further and deliver the root and branch reform of the apprenticeship levy. Local government should be offered more local freedom and flexibility to maximise the use these funds, for example to widen participation to disadvantaged groups. We look forward to receiving more information on the Government's plan to allow employers to make levy transfers to SMEs and we hope that it will provide the opportunity for local government to work with employers to take a more strategic approach to apprenticeships locally and pool funds so we can maximise support to our communities.
- It is disappointing that the Government has confirmed that the 24-month expiry policy for unspent levy funds will remain in place. We urge the Treasury to reconsider and pause this policy to prevent employers from losing funds through no fault of their own. The Government should also introduce a levy payment holiday of up to six months for businesses struggling with cashflow problems.

Building Safety

The Chancellor announced that:

- SR20 confirms £1.6 billion of capital to remove unsafe cladding from high rise buildings. (*Page 73, paragraph 6.61*)

LGA view

- The LGA has been asking the Government to address this issue for over three years. Although these Government funds for remediation will be helpful, the Housing Communities and Local Government Select Committee, the Public Accounts Committee and the LGA have all said that the current level of funding (£1.6 billion) will not be enough to protect leaseholders.
- The LGA wants the Government to meet remediation costs upfront, taking a building-wide, risk-based approach to remedial works. They should then pursue those responsible for shoddy products or workmanship in order to protect the taxpayer.
- The cladding crisis affects hundreds of thousands of leasehold residents who are utterly blameless; not only will the costs of fixing buildings often be beyond their means, but leaseholders face the cost of waking watches and insurance

hikes, while trapped in flats they are unable to sell or remortgage. The Government needs to act soon to avoid the effects of this crisis spreading throughout the housing market and damaging the economy.

Housing

The Chancellor announced that:

- SR20 also provides nearly £20 billion in multi-year capital investment to underpin the Government's long-term housing strategy:
 - a National Home Building Fund (NHBF), with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes, including:
 - confirming £4.8 billion of capital grant funding, including for land remediation, infrastructure investment, and land assembly
 - delivery of the Brownfield Fund, announced at Budget 2020 for Mayoral Combined Authorities (MCAs)
 - an additional £100 million for non-Mayoral Combined Authorities in 2021/22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates and releasing public sector land – including serviced plots for self and custom builders
 - £2.2 billion of new loan finance to support housebuilders across the country. This includes delivering Help to Build for custom and self-builders, and funding for SMEs and modern methods of construction
 - further funding for the NHBF will be confirmed at the next multi-year spending review, delivering on the Government's commitment to provide £10 billion to unlock homes through provision of infrastructure
 - reconfirming £12.2 billion for the Affordable Homes Programme (AHP). The new AHP will deliver up to 180,000 new homes for affordable homeownership and rent, with a greater proportion outside of London than the previous programme.
(Page 73, paragraph 6.59)

LGA view

- It is positive to see further Government investment to support the building of new homes. We welcome the additional funding for non-Mayoral Combined Authorities to support housing delivery and regeneration. In our view, all councils should have access to funding to support their ambitions to bring forward brownfield sites, estate regeneration projects and the release of public sector land.
- With more than one million households on council waiting lists, and now more than 98,000 households in temporary accommodation, it is vital that the Affordable Homes Programme is re-focused towards support for truly affordable homes, including those for social rent. Councils also need to be

able to retain all Right to Buy receipts, combine them with other funding sources and set discounts locally, to support them in building homes to meet the needs of local communities.

Planning

The Chancellor announced that:

- SR20 provides an additional £12 million to take forward the Government's radical planning reform agenda and £4 million towards its ongoing Oxford-Cambridge Arc programme, building on the Government's commitments to accelerate housing and infrastructure delivery. (*Page 74, Paragraph 6.61*)

LGA view

- The LGA's response the Planning White Paper is: <https://www.local.gov.uk/parliament/briefings-and-responses/lga-submission-ministry-housing-communities-and-local-2>
- Additional investment will be vital in taking forward any proposed reforms to the planning system. We await further details on how the £12 million will be allocated.
- Councils need to have the resources, tools, powers and flexibilities required to make locally-led planning decisions for their current and future residents. This includes having the ability to set planning fees locally. These fees should also help to cover the cost of wider planning functions. This will ensure that these can continue to support the decision and plan-making process.
- The Government will also need to ensure that councils have access to the right capacity, skills and training support to implement any changes to the planning system. Any new burdens should also be fully funded.

Homelessness

The Chancellor announced that:

- SR20 also provides £254 million of additional resource funding, including £103 million announced earlier this year for accommodation and substance misuse, to support rough sleepers and those at risk of homelessness during COVID-19. This takes total resource funding in 2021/22 to £676 million, a 60 per cent cash increase compared to SR19. This additional funding will support frontline services through the Rough Sleeping Initiative and enable local authorities to fund their statutory duties to prevent homelessness. The Government will also provide new funding to support prison leavers at risk of homelessness into private rental tenancies and will commit £87 million of capital funding in 2021/22 primarily to support the delivery of long-term accommodation for rough sleepers. (*Page 72, paragraph 6.58*)

LGA view

- Councils have done an incredible job getting people sleeping rough off the streets and have accommodated more than 29,000 people who have faced homelessness since the start of the coronavirus pandemic. It is

good the Government has recognised this with additional funding today, which will help councils to continue their ongoing efforts to support people at risk of rough sleeping and homelessness.

- As we fight a second wave of coronavirus, we would also urge the Government to temporarily remove the No Recourse to Public Funds condition, which would reduce public health risks and ease the pressure on homelessness services by enabling vulnerable people to access welfare benefits, who are currently unable to do so because of their immigration status.
- In the longer-term, it is also important that there is a shift towards investing in homelessness prevention services. With council housing waiting lists set to potentially nearly double as a result of COVID-19, we are calling for councils to be given powers to kickstart a post-pandemic building boom of 100,000 new social homes for rent each year, including reform of Right to Buy.

Welfare support

The Chancellor confirmed that:

- A £20 per week increase to the Universal Credit (UC) standard allowance and Working Tax Credit basic element for 2020/21. This means that for a single UC claimant (aged 25 or over), the standard allowance has increased from £317.82 to £409.89 per month until April 2021. (*Page 26, paragraph 2.8*)
- There was an increase in the Local Housing Allowance (LHA) rates for UC and Housing Benefit claimants so that it covers the lowest third of local rents. This increase will mean nearly £1 billion of additional support for private renters claiming UC or Housing Benefit in 2020/21 and benefits over 1 million households, including those in work. Claimants will gain on average an additional £600 per year in increased housing support. (*Page 26, paragraph 2.8*)

LGA view

- We welcomed the £20 per week increase in Universal Credit, which is providing vital support to many people whose livelihoods have been affected by the pandemic. However, it is clear that the economic impact of COVID-19 on low income households will be with us for some time to come, and that additional support in the employment system will take time to deliver. It is therefore disappointing that the Government did not take this opportunity to offer councils and communities much-needed certainty by committing now to sustaining vital uplifts in the benefits system.
- The LGA has long campaigned for Local Housing Allowance rates to be maintained at least at the 30th percentile of market rents. We were therefore pleased when Government restored LHA rates earlier this year. We recognise that, at present, the uplift in LHA rates will be retained in cash terms (as laid out in point 22, table 1.1 on page 12). This means, however, that LHA rates will once again begin to fall in real terms, as rents continue to rise. This is likely to present challenges for households renting in the private sector at a time when increasing numbers of people are struggling to meet their housing costs and may in turn place pressure on councils' housing and homelessness services.

Flooding and coastal erosion

The Chancellor announced that:

- A doubling of flood and coastal investment across England investing £5.2 billion over six years. *(Page 82, paragraph 6.92)*
- This includes a £200 million six-year flood and coastal erosion resilience innovation programme which will support over 25 local areas to take forward wider innovative actions that improve their resilience to flooding and coastal erosion, and up to £155 million to accelerate 22 shovel-ready flood defence schemes announced earlier this year. *(Page 82, paragraph 6.92)*

LGA view:

- The LGA has welcomed the investment, which has been announced previously.
- Councils are well placed to lead a local approach to managing the risks from flooding and coastal erosion. Funding for flood defences needs to be devolved to local areas and sit within a new national framework for addressing the climate emergency.
- We will be seeking further information on funding for the role of councils as Lead Local Flood Authorities (LLFAs). Grant funding runs out at the end of this financial year and councils need clarity on how this critical statutory role will be funded.

The natural environment

The Chancellor announced that:

- Investment will include £90 million for the Nature for Climate Fund – to increase tree planting and peatland restoration in England. *(Page 41, paragraph 3.41)*
- A doubling of the Green Recovery Challenge Fund with a further £40 million to fund a second round of natural capital projects next year. *(Page 41, paragraph 3.41)*
- £7 million to improve public access to green space by taking forward the Coast to Coast National Trail and England Coast Path and more than £75 million in funding for National Parks and Areas of Outstanding Natural Beauty. *(Page 41, paragraph 3.41)*
- The Government is also funding the implementation of key Environment Bill measures including biodiversity net gain for development, Local Nature Recovery Strategies and the Office for Environmental Protection. *(Page 41, paragraph 3.42)*

LGA view

- The investment in natural capital is welcome. We will be seeking further information on how councils can access this funding for their communities.
- We have raised concerns about the impact of disease and climate change on mature trees in public spaces. Dealing with tree disease is a cost pressure on councils and we will continue to press for this to be fully funded.
- The LGA has highlighted the need for councils to be given funding and capacity to carry out the new biodiversity functions set out in the Environment Bill. We will be working with the Department for Environment, Food and Rural Affairs to ensure that the new burdens are fully funded.

Green investment and infrastructure

The Chancellor announced that:

- The NIS, published alongside SR20, is rooted in the expert advice of the highly respected National Infrastructure Commission (NIC), and responds to its ground-breaking 2018 assessment of the country's infrastructure needs. The NIS sets out how we will deliver the greener infrastructure that is fundamental to the Ten Point Plan, and as part of this announces the creation of a UK-wide bank focused on infrastructure and headquartered in the North of England. The bank will support private infrastructure projects to help meet the Government's objectives on economic growth, levelling up, and transitioning to net zero. *(Page 39, paragraph 3.22)*
- The Ten Point Plan mobilises £12 billion to give industry the certainty it needs to invest, supports up to 250,000 green jobs and saves 180 megatonnes of carbon dioxide equivalent. *(Page 39, paragraph 3.23)*

LGA view

- The LGA welcomes the investments and support to develop the low carbon and green infrastructure economy in the Government's Ten Point Plan. Councils share the ambition for a green revolution and with at least 230 councils declaring a climate emergency, are well placed to support Government to meet its net-zero carbon ambitions by 2050.
- We want to work with Government and business to establish a national fiscal and policy framework for addressing the climate emergency, supported with long term funding.

Low carbon solutions

The Chancellor announced that:

- £1 billion for a Carbon Capture and Storage (CCS) Infrastructure Fund and will help establish four CCS clusters by 2030. These clusters will bring jobs and investment to industrial heartlands in areas of North East and North West England, the Humber, Scotland and Wales. *(Page 40, paragraph 3.30)*
- £240 million Net Zero Hydrogen Fund and £81 million for pioneering hydrogen heating trials. *(Page 40, paragraph 3.31)*

- By 2030 the Government plans to quadruple offshore wind capacity to 40 GW and maximise the opportunities this presents for jobs and investment. To grow the UK manufacturing base, the spending review invests £160 million into modern ports and manufacturing infrastructure, providing high quality employment in coastal regions. *(Page 40, paragraph 3.32)*
- The Government will spend nearly £500 million in the next four years for the development and mass-scale production of electric vehicle batteries and associated EV supply chain. *(Page 40, paragraph 3.33)*
- It is providing over £125 million for nuclear technologies in 2021/22, as part of up to £525 million set out in the Ten Point Plan, including £385 million for an Advanced Nuclear Fund. *(Page 40, paragraph 3.34)*
- It is committing £200 million for Net Zero Innovation Portfolio in 2021/22 to support new decarbonisation solutions and bolster emerging technologies such as direct air capture and low carbon hydrogen. *(Page 41, paragraph 3.35)*
- SR20 provides over £280 million in 2021/22 for net zero Research and Development, including an £81 million multi-year commitment for pioneering hydrogen heating trials. *(Page 56, paragraph 5.26)*

LGA view

- The LGA has been calling for investment in renewable energy and is pleased with the commitment and investment in low carbon energy. There are significant opportunities in the green growth sector if the approach to delivery is flexible and designed around place.
- Councils want to support the local implementation of low carbon solutions necessary across every sector, industry and place and, support the creation of local green skills and jobs. Councils want to play a key role in developing a flexible, resilient energy supply that realises the full economic benefits that are felt across all parts of the country.
 - Councils are well placed to test transformational solutions and we will work with Government to understand how councils can use funding for research and development to support place-based low carbon action.
 - We will now be working with Government to ensure that councils have the tools and powers they need to play a lead role in harnessing this investment and supporting a locally led green economic recovery.

Warmer homes and buildings

The Chancellor announced that:

- SR20 allocates £475 million to make public buildings greener, £150 million to help some of the poorest homes become more energy efficient and cheaper to heat with low-carbon energy, and a further £60 million to retrofit social housing. It also extends the popular Green Homes Grant voucher scheme with £320 million of funding in 2021/22. The Government is committed to spending £3 billion on building decarbonisation, and will review this allocation

in the spring, together with how it can best deliver this agenda over the course of this parliament. (Page 41, paragraph 3.38)

- SR20 also confirms £122 million in 2021/22 to support creation of clean heat networks. This, together with the measures to be set out in the Government's forthcoming Heat and Buildings Strategy, will help meet the target of installing 600,000 heat pumps by 2028, and scale up the other low carbon heating and energy efficiency measures necessary to make buildings fit for net zero. (Page 41, paragraph 3.39)

LGA View

- We support investment to allow councils to help Government achieve its aim for the UK to become a net zero carbon economy in 30 years' time. Councils await further details to understand how to access the funding for public buildings.
- It is positive that the Government is investing a shift to greener, more efficient buildings and housing. The Government should work with councils to urgently bring forward its commitment for a [£3.8 billion capital Social Housing Decarbonisation Fund](#). This would provide a national stimulus to kick start the deep energy retrofit of all homes by investing in an energy revolution in social housing.
- Heat networks will continue to play an important role in national and local ambitions to reduce carbon and cut heating bills for domestic and commercial customers. It will be vital that the Government continues to work with local authorities to address capability and capacity challenges to heat network deployment.

Fire and Rescue Services

The Chancellor announced that:

- The Home Office (HO) settlement provides a £881 million cash increase in core resource funding from 2020/21 to 2021/22, delivering a 4.9 per cent average real terms increase per year since 2019-20. (Page 64, paragraph 6.21)

LGA view

- It is disappointing that the Spending Review does not include any information about funding for the crucial fire and rescue services (FRS).
- LGA is seeking clarity from the Home Office on what the settlement will mean for FRS. The LGA has been working with the Home Office to make the case for further funding to answer the cost pressures felt by the service due to risk and demand.
- The LGA is also asking for clarity on funding from the Home Office for pensions costs arising from remedying court judgments such as [age discrimination](#) for the fire service.

Reducing offending and serious violence

The Chancellor announced that:

- SR20 also commits an additional £200 million from 2021/22 to fund a second round of pilots under the Shared Outcomes Fund (SOF). This continues progress made on funding join-up across Government through the SOF launched at SR19, which funded a wide range of pilot projects that cut across multiple departments. The projects will be subject to thorough evaluation to inform future policy development and programmes. *(Page 48, paragraph 4.30)*
- Prison leavers (£20.0 million – MoJ, Department for Work and Pensions (DWP), MHCLG, Department for Digital, Culture, Media & Sport (DCMS), DHSC, Department for Education DfE), NHS England): The project will work closely with service users and stakeholders from across Government, and the third and private sectors to test ways to improve the social inclusion of people leaving prison, and reduce reoffending. *(Page 97, paragraph B.1)*
- Creating opportunities forum for tackling serious violence (£3.7 million – HO, DWP, DCMS, DHSC, DfE): This pilot will work with the private and third sectors to generate employment opportunities and wraparound support packages for vulnerable young people at risk of serious violence. *(Page 97, paragraph B.1)*
- Early intervention (£1.8 million – MoJ, HO, MHCLG, DHSC): This pilot will work with police and health specialists to better join up services for police forces to manage offences outside of court, understand which interventions are effective, and improve data on the impact of the interventions on reoffending. *(Page 97, paragraph B.1)*

LGA view

- The Shared Outcomes Fund projects which focus on reducing reoffending and tackling serious violence are positive. However if we are to tackle the underlying causes of offending, including serious violence, we need to see long-term and sustainable funding in local public sector and voluntary services, particularly in early intervention and prevention initiatives.

Domestic abuse

The Chancellor announced that:

- SR20 also provides £98 million of additional resource funding, bringing total funding to £125 million, to enable local authorities to deliver the new duty to support victims of domestic abuse and their children in safe accommodation in England *(Page 74, paragraph 6.61)*

LGA view

- Domestic abuse can have a long-term and devastating impact on families and particularly children. The announcement of £98 million of additional resource funding to enable local authorities to deliver the new duty to support domestic abuse victims and their children in safe accommodation is therefore welcome. However, it is not yet clear how this figure has been calculated and whether it will meet the full costs of the new proposed duty.
- The new funding needs to fully account for any increases in demand for services, and any additional burdens identified by local needs assessments when the duty comes into force in April 2021. Children have been added into

the statutory definition of domestic abuse, so it will be important to assess whether additional provision is required and therefore whether councils need additional funding to meet the new proposed duty.

- One-off, short term grants do not allow for long-term planning or consistency in service, which is why long-term and sustained investment is needed. Transitional funding is also required to provide support for current domestic abuse services due to close at the end of the next financial year.
- In order to transform the response to domestic abuse, a joined-up approach is needed, providing a broad range of support packages to assist victims of domestic abuse and intervene with perpetrators to change and prevent their behaviour. This is why we have called for greater investment in early intervention and prevention programmes and wider community-based domestic abuse support, as well as greater investment in perpetrator programmes.
- It was disappointing to note that no funding has been allocated to the National Female Genital Mutilation (FGM) Centre, despite its vital work in supporting and protecting victims of FGM in the UK. We will continue to work with the Government on securing funding to help tackle this crime.

Asylum, refugee resettlement and modern slavery

The Chancellor announced that:

- The settlement provides £66.4 million in resource funding to the Home Office and £459.5 million in Official Development Assistance (ODA) resource funding to support and protect vulnerable people in the asylum system, to deliver refugee resettlement, and to support victims of modern slavery. (*Page 65, paragraph 6.26*)
- The cross-government refugee transitions outcomes fund will provide £10 million to the Home Office, Department of Work and Pensions, the Ministry for Housing, Communities and Local Government and councils for a pilot aimed at supporting the self-sufficiency of newly granted refugees across the UK by delivering employment support and housing support. (*Page 98, paragraph B.1*)

LGA view

- Councils play a valuable role supporting new arrivals who are starting a new life in the UK. The LGA will continue to work with Government to build a joint understanding of local government's key role in asylum, resettlement and supporting victims of modern slavery, and to address the costs to councils of that support. It is not clear whether these announcements will tackle the lack of funding which has been a barrier to participation, and hinders our joint efforts to reduce the pressures in areas with large numbers of asylum-seeking adults and children.

Counter-terrorism

The Chancellor announced that:

- SR20 provides the UK Intelligence Community (UKIC) with a £173 million funding increase in 2021/22, representing a 5.4 per cent average annual real-terms increase since 2019/20. It also includes over £1.3 billion of capital investment from 2021/22 to 2024-25. (*Page 56, paragraph 5.32*)

LGA view

- Local authorities will continue to do what they can to help keep communities safe from the threats from terrorism and extremism. However, it is not enough to tackle the symptoms of terrorism alone, whilst ignoring the underlying causes. It is vital that there is continued investment in prevention work at a local level, to aid wider efforts to protect the public and build resilience, including initiatives to support integration and counter extremism and prevent radicalisation.
- The Government has withdrawn funding for the Special Interest Group on Countering Extremism (SIGCE), which has been a significant and agile force in supporting both local and national Government's efforts to counter extremism, tackle hate crime and help counter the ideology that can draw individuals into terrorism and criminality. We believe the SIGCE remains key to addressing rising tensions in many areas, and in supporting wider efforts to prevent terrorism. We urge Government to continue to invest in the SIGCE to support local authorities to build resilience and help stop division and polarisation from taking hold.

Online harms

The Chancellor announced:

- £45 million for programmes to drive growth through digital technologies and data, while improving online safety and security. (*Page 81, paragraph 6.86*)

LGA view

- Councils have important statutory responsibilities in supporting those exposed to online harms, including in relation to child sexual exploitation, mental ill-health (particularly children and young people), suicide prevention, radicalisation, and the online abuse and harassment experienced by councillors and senior local government officers. We therefore welcome the Government's recognition of the importance of improving online safety and security as the digital environment continues to innovate and grow in scope and scale.

Local Government Cyber Security

The Chancellor announced that:

- The underlying core settlement for local authorities in 2021/22 includes...providing £16 million to support modernisation of local authorities' cyber security systems. *(Page 75, paragraph 6.66)*
- SR20 also provides continued investment in the National Cyber Security Programme, funding transformational cyber security projects to support departments, the private sector and wider society. This investment will enable the UK to stay at the forefront of global action to secure a safe digital future and successfully adopt new technology to drive resilience and economic growth. *(Page 69, paragraph 6.44)*

LGA view

- The LGA welcomes the announcement of specific local government cyber security funding in this review. £16 million for the next financial year is a sizeable step in the right direction.
- It is currently unclear as to how the Treasury intend to allocate this money and whether or not further funding from the National Cyber Security Programme will also be directed toward reducing cyber security risk in local government.
- It is critical that local government receives sufficient funding for councils to address the cyber security risk they currently face, and meet the competing assurance demands of different central Government departments and agencies.
- We look forward to meeting with the Cabinet Office and the Ministry of Housing Communities and Local Government to understand how this £16 million will be allocated, and how any further funds from the National Cyber Security Programme will be spent.

Culture, tourism and sport

The Chancellor announced that:

- This settlement includes the following priority outcomes:
 - Increase economic growth and productivity through improved digital connectivity
 - Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries. *(Page 81, paragraph 6.90)*

LGA view

- Culture and the creative industries, tourism and sport services are among those that have been hardest hit by COVID-19, yet have the potential to contribute significantly to economic recovery and personal resilience over the forthcoming years. The recognition throughout the Spending Review of their importance is a positive sign, including their explicit inclusion in the objectives for the UK Shared Prosperity Fund and Levelling Up Funds.
- However, leisure services are in need of an immediate injection of funding if they are to keep services going and to enable them to benefit from the

capital investments announced today. It is important that Government announces a second investment on top of the £100 million already announced.

Holiday Activities Fund

The Chancellor announced that:

- The Government will also provide £220 million for the Holiday Activities and Food programme to provide enriching activities and a healthy meal for disadvantaged children in the Easter, Summer and Christmas holidays in 2021. This provides funding up to the end of 2021-22 and supports the Government's commitment to establish a Flexible Childcare Fund to increase the availability of high quality and affordable flexible childcare. *(Page 45, paragraph 4.14)*

LGA view

- We are pleased that the Government has recognised the vital role of councils in providing consistent health and wellbeing support for children in disadvantaged and low-income families. To secure better outcomes it is vital that this support is provided in the context of a properly recognised and resourced local safety net and a genuinely preventative approach to addressing multiple disadvantage.
- We hope that when further detail emerges on the coming year's approach to the Troubled Families programme it enables vital links to be made between this support and wider preventative approaches to improving children's health and wellbeing.
- It is disappointing that there are no proposals for putting local welfare funding on a more sustainable footing to ensure a consistent approach to locally-led support to address financial hardship and economic vulnerability.