

Local Government Association

Budget 2016: On the Day Briefing

16 March 2016

The Budget provides a formal update on the state of the economy, responds to the new economic and fiscal forecast from the Office for Budget Responsibility and announces the Government's fiscal measures.

The full set of documents is available on the [Treasury website](#).

Key Messages

- The Chancellor has rightly recognised the funding pressures facing councils and local services over the next few years and has not announced any more cuts to local government.
- Councils now need a period of financial stability and consistency so they can plan for the pressures facing local services which lie ahead over the next few years and need to be protected from any more funding cuts during this Parliament. This, alongside greater power to run local services, is essential.
- The devolution deals announced rightly recognised the economic potential of all areas. A total of 34 devolution proposals – from cities, towns and counties have been submitted across England. These new deals and extensions to existing deals must signal the return to the early momentum in which similar deals were announced last year. This will clearly require different approaches to different areas, including how these areas are governed.
- It is vital that we concentrate on the quality of education and a school's ability to deliver the best results for children, rather than on the legal status of a school, to make sure that we are providing the education and support needed in each area. The LGA is opposed to forced academisation of schools, and Ofsted has rated 82 per cent of council maintained schools as good or outstanding.
- The LGA has long campaigned for local government to retain 100 per cent of business rates. Councils will need to play a lead role in making sure that any new system works effectively and the pilots announced today are an important first step. It will be important to avoid a knock-on financial impact on other councils, and local government will rightly need to play a lead role in making sure any new national system works effectively.
- Ahead of the Budget councils, the NHS, care providers and the voluntary sector have called for the Chancellor to bring forward the £700 million of new money in the Better Care Fund to be introduced by 2019/20 to this year. Although recent measures will go some way to addressing the problems facing adult social care funding, we are concerned that future years will be extremely challenging
- The Government should take further action to help alleviate growing social care pressures, as vital social care services will also increasingly be unable to help ease the growing pressure on the NHS and the threat of a care home crisis.
- Councils already have strategies in place to prevent homelessness and any additional support on homelessness is welcome. Councils must have the full

funding and flexibilities to bring together funding and services around local need.

- The LGA will be seeking further information about the proposed increase in employer pension contributions for some public services. We will look at the proposals to ensure there are no new burdens for local government.

FURTHER INFORMATION

Public sector efficiency review

The Chancellor announced that:

- The Government will find a further £3.5 billion of savings from public spending in 2019/20.
(Page 23, paragraph 1.53)
- The Chief Secretary to the Treasury, with the support of the Paymaster General, will lead an efficiency review, which will report in 2018. This will review the efficiency of all departmental spending to inform future expenditure decisions.
(Page 23, paragraph 1.56)
- The defence and overseas aid commitments, the real-terms protections for the NHS in England, schools funding in England, the police and science will be maintained.
(Page 23, paragraph 1.57)

LGA View

- Local government will want to understand the financial implications of any efficiency review on councils.

Public spending trends

- The table below sets out the Treasury's latest plans for revenue and capital expenditure for the current financial year and the four-year Spending Review period.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£ billion					
Resource (Revenue) Expenditure						
Resource DEL excl. depreciation	315.1	316.1	325.2	327.6	327.0	333.6
Ringfenced depreciation	20.6	21.9	21.9	21.9	21.9	21.9
Resource AME	345.6	356.2	358.9	373.1	382.4	394.3
Public Sector Current Expenditure	681.2	694.2	706.0	722.6	731.4	749.8
Capital Expenditure						
Capital DEL	39.4	44.2	45.9	46.5	46.6	56.2
Capital AME	33.3	33.5	32.7	31.9	32.5	35.1
Public Sector Gross Investment	72.7	77.8	78.6	78.4	79.1	91.3
Total Managed Expenditure	753.9	771.9	784.6	801.0	810.4	841.1

(Source: Table 2.3, page 90)

- The Government published revised figures for the Local Government Departmental Expenditure Limit (DEL) between 2017/18 and 2019/20. The reasons for these changes have not been provided by the Government; the revision to the 2015-16 figures reflects updated forecasts and does not represent an in-year cut.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£ billion				
Local Government DEL - Spending Review 2015	11.5	9.6	7.4	6.1	5.4
Local Government DEL - Budget 2016	10.8	9.6	8.2	6.9	6.2

(Source: Table 2.4, page 91, Budget 2016 and Table 2.15, page 78, Spending Review 2015)

- The Government will meet its objective of a budget surplus in 2019/20. The Government forecasts a surplus of £10.4 billion in that year, followed by a surplus of £11.0 billion in 2020/21; equivalent to 0.5 per cent of Gross Domestic Product (GDP).
- Borrowing forecasts have increased for 2016/17, 2017/18 and 2018/19, compared to figures in the Autumn Statement/Spending Review announcement. In 2019/20 the surplus will be £0.3 billion higher than previously forecast and £3.7 billion lower than forecast in 2020/21.
- The table below shows the changes in the borrowing forecast since the November 2015 announcement.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£ billion					
Autumn Statement 2015 Borrowing / (Surplus) Forecast	73.5	49.9	24.8	4.6	-10.1	-14.7
Changes in departmental spending plans - resource	0.4	0.3	1.8	1.9	-1.8	-8.1
Changes in departmental spending plans - capital	-0.4	0.1	0.7	1.1	-1.2	-0.4
Changes in AME spending plans	0.0	-0.1	-2.1	-2.6	-4.6	-4.5
Changes to receipt plans and indirect impact	-0.1	-1.3	6.4	4.0	-6.1	-0.1
OBR forecast changes	-1.3	6.6	7.2	12.3	13.4	16.7
Total Changes	-1.3	5.5	14.0	16.8	-0.3	3.7
Budget 2016 Borrowing / (Surplus) Forecast	72.2	55.5	38.8	21.4	-10.4	-11.0

(Source: Table B.4, page 138)

Education

The Chancellor announced that:

- The Government will drive forward the radical devolution of power to school leaders, expecting all schools to become academies by 2020, or to have an academy order in place to convert by 2022.
- The arbitrary and unfair system for allocating school funding will be replaced by the first National Funding Formula for schools from 2017-18. Subject to consultation, the Government's aim is for 90 per cent of schools who gain additional funding to receive the full amount they are due by 2020. To enable this the Government will provide around £500 million of additional core funding to schools over the course of this Spending Review, on top of the commitment to maintain per pupil funding in cash terms. The Government will retain a minimum funding guarantee.
- The Government will invest £20 million a year of new funding in a Northern Powerhouse Schools Strategy. In support of this, Sir Nick Weller will lead a report into transforming education across the Northern Powerhouse.
(Page 32, paragraph 1.89)

LGA view

- Ofsted has rated 82 per cent of council maintained schools as 'good' or 'outstanding' and it is wrong to portray councils as barriers to improvement. Ofsted has not only identified that improvement in secondary schools - most of which are academies - has stalled, but it has praised strong improvement in primary schools, most of which are maintained. Additionally, only 15 per cent of the largest academy chains perform above the national average in terms of progress made by pupils, compared with 44 per cent of councils. It is vital that we concentrate on the quality of education and a school's ability to deliver the best results for children, rather than on the legal status of a school, to make sure that we are providing the education and support needed in each area.
- Forcing schools to become academies strips parents, teachers and faith groups of any local choice. We have serious concerns that Regional Schools Commissioners still lack the capacity and local knowledge to have oversight of such a large, diverse and remote range of schools. The LGA opposes both forced academisation, and giving significant powers relating to education to unelected civil servants with parents and residents unable to hold them to account at the ballot box.
- Forcing all schools to become academies also raises serious questions about the ongoing local government responsibilities for school place planning, admissions, support for special education needs and other functions. The LGA will seek urgent, early intervention discussions with the Department for Education to address these questions.
- Councils have been forced to spend millions of pounds to cover the cost of schools becoming academies in recent years, while the National Audit Office estimated that in 2012, the Department for Education spent an additional £1 billion on the cost of the academies programme. With mixed evidence about academisation improving standards, and when public spending is facing significant cuts, imposing academisation on schools regardless of local opinion cannot be an appropriate use of public money.

- Councils have long been calling for a fairer funding system for all schools and we welcome the announcement of an additional £500 million to speed transition to a fairer funding formula. However, introducing a new national formula will inevitably create losers so it is essential that it is introduced in a phased way to protect those schools facing a relative reduction in budgets. Councils already play an important role in supporting schools to cope with funding changes and the Government must allow for local discretion to be applied to take into account individual local needs.
- We welcome the announcement of additional funding for a Northern Powerhouse Schools Strategy.

Business Rates

The Chancellor announced the intention to:

Small business rates and the multiplier

- Permanently double Small Business Rate Relief (SBRR) from 50 per cent to 100 per cent so that properties with a rateable value of £12,000 and below will receive 100 per cent relief, taper relief for those with a rateable value between £12,000 and £15,000 and increase the threshold for the standard business rates multiplier to £51,000;
(Page 46, paragraph 1.161; page 108, paragraph 2.122-2.124)
- From April 2020, switch the annual indexation of the multiplier from the Retail Price Index (RPI) to the Consumer Price Index (CPI)
(Page 46, paragraph 1.162; page 108, paragraph 2.121)

Changes to the administration of business rates

- Aim to introduce more frequent business rate revaluations (at least every 3 years) and publish a discussion paper in March 2016 outlining options on how to achieve this to support both businesses and the stability of local authority funding.
- Work with local authorities to standardise business rates bills and ensure that ratepayers have the option to receive and pay bills online by 2017.
- By 2022 local authority business rates systems will be linked to HMRC digital tax accounts. Once this has been achieved the Government will consider the feasibility of replacing SBRR with a business rates allowance for small businesses.
(Page 46, paragraph 1.163; page 108, paragraph 2.127-2.129)
- Local government will be compensated for the loss of income as a result of the business rates measures above and the impact will be considered as part of the Government's consultation on the implementation of 100 per cent business rates retention in summer 2016.
(Page 46, paragraph 1.164)
- Allow local authorities in England to use their discretionary relief powers to support publicly owned public lavatories from 1 April 2018.
(Page 108, paragraph 2.125)

- Introduce a £1,500 business rates discount for office space occupied by local newspapers in England, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits, for 2 years from 1 April 2017.
(Page 108, paragraph 2.126)

Business rates retention

The Chancellor has announced that:

- The Government will pilot the approach to 100 per cent business rates retention in Greater Manchester and Liverpool City Region and will increase the share of business rates retained in London.
(Page 70, paragraph 1.281)
- The Government will increase the share of London's business rates retained by the Greater London Authority and transfer responsibility for funding capital projects of Transport for London. This will give the Mayor of London control over almost £1 billion more of locally raised taxes. The government will also explore with London options for moving to 100 per cent business rate retention ahead of the full roll-out of the business rates reforms.
(Page 81, paragraph 1.336)

LGA view:

- The LGA has long campaigned for local government to retain 100 per cent of business rates. Councils will need to play a lead role in making sure that any new system works effectively and the pilots announced today are an important first step. It will be important to avoid a knock-on financial impact on other councils, and local government will rightly need to play a lead role in making sure any new national system works effectively.
- We will work with Government and the pilot authorities to understand how the piloting of 100 per cent business rates retention can inform the development of the wider system which will be introduced for all authorities by 2020.
- The LGA has long-argued that the current system of business rates needs reform and welcomes the additional support that today's proposals will provide to small businesses and local high streets.
- We welcome the Government's assurance that local government will be fully compensated for the reduced income as a result of this relief, but notes that this will mean that the resources to be retained under 100 per cent rate retention will be less than previously projected.
- The change from RPI to CPI for the annual indexation of the business rates multiplier will lead to a reduction in income to councils at a time when they will be more dependent than ever on this income. It is imperative that full account is taken of this in the new business rates system.
- More frequent revaluation will only be effective if this leads to a significant reduction in the amount of provisions local authorities have to make for appeals. This will become vital as we move to 100 per cent rates retention.

- We welcome measures to standardise bills and allow ratepayers to pay online. It is local authorities' role to collect business rates and we look to the Government to fund the IT infrastructure to take this forward.
- We look forward to the detailed publication on the business rates review. However we are disappointed that no specific measures have yet been announced on tackling avoidance.
- The LGA has made proposals for increased digitalisation of assessment; we would now like to see these taken forward at the same time as other business rates digitalisation measures.

Devolution

The Chancellor announced that:

- The Government has now agreed new mayoral devolution deals with English counties and southern cities too, reaching agreements with the West of England, East Anglia and Greater Lincolnshire. The Government has also agreed a further devolution deal with Greater Manchester, including a commitment to work towards the devolution of criminal justice powers, and a second devolution deal with Liverpool City Region.
(Page 70, paragraph 1.279)
- Previously agreed mayoral devolution deals will also each receive un-ringfenced single pots of funding to spend on local priorities, worth £2.86 billion in total. This flexibility will allow areas to take more control over strategic investment. The single pots will initially include a five-year settlement rolling together existing transport funding, gainshare investment funds and Local Growth Fund allocations. This will be supplemented in the future with further flexibility over central government funding. The Bus Service Operators Grant will also be devolved to areas that adopt bus franchising, and the Adult Education Budget will be included in the single pot from 2018/19 for those areas with devolved adult skills arrangements.
(Page 70, paragraph 1.280)
- The Government will pilot the approach to 100 per cent business rates retention in Greater Manchester and Liverpool City Region and will increase the share of business rates retained in London. This will help to develop the mechanisms that will be needed to manage risk and reward under 100 per cent rates retention and will help authorities to build financial capacity to reform core services and invest in long term economic growth from 2017 – three years ahead of schedule. The offer is open to any area that has ratified its devolution deal.
(Page 70, paragraph 1.281)
- The Government will work with Greater Manchester on the devolution of powers over criminal justice services, as well as supporting the establishment of a Life Chances Investment Fund. The radical devolution of justice responsibilities will enable Greater Manchester to offer seamless interventions for offenders as they transition between prisons and the community, and to join up public services to tackle the causes of crime and prevent reoffending.
(Page 74, paragraph 1.293)
- The Government has agreed another mayoral devolution deal with Liverpool City Region. This builds upon Liverpool's mayoral deal on 17 November 2015,

and gives Liverpool additional new powers over transport, pilots the approach to 100 per cent business rate retention across the city region, and commits the city region and government to work together on children's services, health, housing and justice.

(Page 74, paragraph 1.294)

- The Government has agreed a new mayoral devolution deal with Greater Lincolnshire. This will give Greater Lincolnshire significant new powers over transport, planning, and skills. Greater Lincolnshire will also receive control of a £450 million investment fund over 30 years to boost economic growth.
(Page 78, paragraph 1.307)
- The Government has agreed a mayoral devolution deal with East Anglia, covering Norfolk, Suffolk, Cambridgeshire and Peterborough, giving the local area new powers over transport, planning, skills, a £900 million investment fund over 30 years to grow the local economy, and access to £175 million ringfenced funding to deliver new homes.
(Page 79, paragraph 1.318)
- The Government has agreed a new mayoral devolution deal with the West of England. This will give the West of England significant new powers over improved transport, planning, skills and employment. The West of England will also receive control of a £900 million investment fund over 30 years to boost economic growth.
(Page 80, paragraph 1.324)
- Following the consultation on building up in London and to help increase densities on brownfield land and reduce the need to 'build out', the Government will consult with city regions on extending similar powers as part of devolution deals.
(Page 125, paragraph 2.289)

LGA view

- The three new devolution deals agreed today are good news for local communities in East Anglia, Greater Lincolnshire, and the West of England and recognise the economic potential of England's non-metropolitan areas. We hope it signals a return to the early momentum in agreeing ambitious, locally led proposals so that communities and businesses across England can benefit from devolution.
- The 'single pot' announcement for mayoral devolution deals is welcome, allowing councils to bring together previously fragmented funding streams to boost jobs and growth in their area. Government should go further to make this available to all councils, regardless of their governance arrangements.
- There is no 'one-size-fits-all' solution to the stronger local governance arrangements that may be needed where significant new responsibilities are devolved. Councils should be free to put in place the appropriate model of governance for their communities.
- We welcome the extension of the deals with Greater Manchester and the Liverpool City Region, and the proposed consultation on building on brownfield land in the city regions. We urge Government to continue to work with all areas with existing deals to build on their earlier agreements.

- A total of 34 devolution proposals – from cities, towns and counties have been submitted across England. These new deals and extensions to existing deals must signal the return to the early momentum in which similar deals were announced last year.

Criminal justice devolution

The Chancellor announced that:

- The Government will work with Greater Manchester on the devolution of powers over criminal justice services. The radical devolution of justice responsibilities will enable Greater Manchester to offer seamless interventions for offenders as they transition between prisons and the community, and to join up public services to tackle the causes of crime and prevent reoffending.
(Page 74, paragraphs 1.279 and 1.293)

LGA view:

- The LGA has argued that reducing offending and re-offending requires a response involving a range of local partners. This is the best way of addressing issues such as homelessness, drug and alcohol dependency, mental illness and unemployment that are all too often at the root of criminal behaviour. We have also argued that the best means of rehabilitating offenders and preventing people from becoming involved in crime requires local commissioning of services.
- The transition to a national probation service and community rehabilitation companies has seen local areas struggle to engage with probation to reduce re-offending. The devolution of powers over the criminal justice system to Greater Manchester is therefore welcome, and the Government should look to extend this initiative to other areas where they wish to take on this responsibility.

Disability employment reform

The Chancellor announced that:

- The Government is delivering on its manifesto pledge to halve the disability employment gap. The number of disabled people in employment has increased by 150,000 to over 3.25 million people over the last year and the Government is taking action to increase this further. At Summer Budget 2015, the Government allocated funding to provide additional help for those on Employment and Support Allowance to move closer to the labour market.
(Page 40, paragraph 1.133)
- The Government is accepting the recommendations of an independent stakeholder group and will offer new peer and specialist support for those suffering from mental health conditions and young disabled people. Later this year, the Government will publish a White Paper focusing on the roles that the health, care and welfare sectors can play in supporting disabled people and those with health conditions to get into and stay in work.
(Page 40, paragraph 1.134)

LGA view

- The LGA welcomes additional peer and specialist support to help Employment and Support Allowance (ESA) claimants move closer to the labour market. However to be effective, it must be aligned with any local services or existing interventions already underway to support them, which may be directly delivered, or commissioned by local authorities.

Tackling violence against women and girls

The Chancellor announced that:

- The Government will invest £100 million to deliver low-cost 'second stage' accommodation for domestic abuse victims and their families moving on from refuges. This will provide at least 2,000 places to enable independent living for vulnerable households and individuals, freeing up hostels and refuges for those in most acute need.
(Page 39, paragraph 1.129, and page 127, paragraph 2.302)
- The Government will provide £1.7 million to a number of charities to reduce violence against women and girls, tackle domestic abuse and honour based violence (including forced marriage) and support women to leave prostitution and create a Health Alliance for domestic abuse.
(Pages 95-96, paragraph 2.16)

LGA view

- Councils regard violence against women and girls as a serious issue and work with a range of statutory and voluntary sector partners to support victims and reduce offending. The announcement of additional funding to enable victims of domestic abuse to move on from refuges is positive.
- However it is not clear if this is part of the funding for refuges, other accommodation and service transformation announced in the Violence Against Women and Girls Strategy published earlier in the month. If this is additional funding the Government should look to develop the provision of these places in consultation with local authorities as part of the wider provision of critical services related to supporting victims of violence against women and girls.

Apprenticeships

The Chancellor announced that:

- The Government is committed to increasing the quality and quantity of apprenticeships, and will deliver 3 million apprenticeship starts by 2020. As announced at the Autumn Statement 2015, an apprenticeship levy will be introduced in April 2017, and employers that are committed to training will be able to get out more than they put in.
(Page 33-34, paragraph 1.98)
- From April 2017, employers will receive a 10 per cent top-up to their monthly levy contributions in England and this will be available for them to spend on apprenticeship training through their digital account. The Government will set out further details on the operating model in April and draft funding rates will

be published in June.
(Page 33-34, paragraph 1.99)

LGA view

- The top-up is helpful but it should not come with prescriptive targets on how it is spent. The LGA has wider concerns about the levy. We believe a locally commissioned approach between employers would be a more cost efficient and effective way of commissioning training, bringing coherence to apprenticeships provision to meet local skill needs that address local economic priorities.

National infrastructure

The Chancellor announced that:

- The Government is providing £300 million of funding to improve northern transport connectivity and is giving the green light to High Speed 3 between Leeds and Manchester to reduce journey times to around 30 minutes, in response to the commission's report 'High Speed North'.
- The Government is giving the green light to Crossrail 2, supported by £80 million to help fund development.
(Page 62, Paragraph 1.232)

LGA view

- Councils deliver vital infrastructure at the local level, without which national infrastructure would provide poor value for money for tax-payers. For example, 98 per cent of the UK's road network are local roads, managed by local highways authorities. Almost every motorway journey starts or ends on a local road and without efficient traffic management, local capacity or well-maintained roads, the value of new rail lines and motorways will be severely eroded.

Transparency in local authority services

The Chancellor announced that:

- The Government will consult on new rules requiring local authorities to be transparent about the cost of the in-house services they provide.
(Page 129, Paragraph 2.342)

LGA view

- Local government is already one of the most transparent parts of the public sector. Local authorities publish information to help citizens engage with the democratic decision making process as part of their commitment to open local government. We will be seeking further information from the Government on the proposed additional transparency requirement on in-house services, and considering the cost burden for tax payers particularly if it extends to all of the 800+ services offered by councils.

Packaging recycling targets

The Chancellor announced that:

- Legislation will be introduced later in 2016 to reduce statutory plastic packaging recycling targets for 2016 and 2017. The Government will also set new recycling targets for glass and plastic packaging for 2018, 2019 and 2020.

(Page 113, Paragraph 2.182)

LGA View

- Local government has made a significant contribution to increased recycling of household waste and reducing the amount of material sent to landfill. To sustain this we need a system that enables packaging material to be captured for recycling at sufficient quality, without placing additional burdens on tax payers. We will be working with Government to understand how a reduction in packaging recycling targets, and its plans for longer term packaging targets will help to achieve recycling at sufficient quality.

Flooding

The Chancellor announced:

- An increase on flood defence and resilience of over £700 million by 2020-21. The Government will increase maintenance expenditure in England by £40 million per year, and deliver even more flood defence schemes – including investing over £150 million in Leeds, York, Calder Valley, Carlisle and wider Cumbria. This increase in investment will be funded by a rise in the standard rate of Insurance Premium Tax by 0.5 percentage points.

(Page 64, paragraph 1.242)

LGA view

- Additional funding has been important in enabling local authorities and their communities to recover from recent extreme weather. We are pleased the Government has listened to our call for additional support and the £700 million by 2020/21 is another significant step. However, councils could need more financial help from the Government as the full cost of the damage caused by recent flooding emerges.
- New flood defence funding should be devolved to local areas, with councils working with communities and businesses to ensure money is directed towards projects that best reflect local needs.

Open Address Data

The Chancellor announced that:

- The Government will provide up to £5 million to develop options for an authoritative address register that is open and freely available – making wider use of more precise address data and ensuring it is frequently updated will unlock opportunities for innovation

(Page 65, Paragraph 1.251)

LGA view

- Over the past 20 years, local government, working in partnership with Ordnance Survey and the LGA, has invested heavily in creating and maintaining AddressBase - a single, definitive address database which forms the foundation on which our country's address system works.
- The LGA, through GeoPlace - its joint venture with Ordnance Survey - will continue to engage with local authorities and Government to represent the key role of councils in the address creation process, to protect the investment they have made and to ensure that AddressBase continues to be a key component in local digital transformation.

Home ownership

The Chancellor announced:

- The launch of the Starter Homes Land Fund prospectus, inviting local authorities to access £1.2 billion of funding to remediate brownfield land to be used for housing, to deliver at least 30,000 Starter Homes
(Page 37, paragraph 1.118)
- The delivery of 13,000 affordable homes two years early by bringing forward £250 million of capital spending to 2017/18 and 2018/19
(Page 37, paragraph 1.118)
- That the Government will explore ways to extend homeownership to social tenants who cannot afford to take advantage of existing schemes.
(Page 126, paragraph 2.304)

LGA view

- We welcome investment in the remediation of brownfield land which will be an important source of land for new homes. As part of developing a Local Plan councils identify suitable brownfield sites based on their local assessment of need and consultation with the local community and economy. It is crucial that councils, as local planning authorities, are able to determine the mix of housing tenure on sites in order to respond to local community need and that this authority is not undermined by national determinations to build starter homes at the expense of other tenures more able to meet local housing need.

Planning

The Chancellor announced:

- An intention to move to a more zonal and 'red line' planning approach, where local authorities use their local plans to signal their development strategy from the outset and make maximum use of permission in principle
(Page 37, paragraph 1.120)
- Measures to speed up the planning system, including minimising the delays caused by planning conditions, and ensuring the delivery of local plans by 2017
(Page 37, paragraph 1.120)

- That the Government will set out later this year details of measures to encourage the production of Local Plans. As recommended by the Local Plans Expert Group report, which is published today.
(Page 124, paragraph 2.288)

LGA view

- The planning system is not a barrier to growth and permissions are at an eight year high. It is important that communities continue to have a say on decisions that affect them through their local planning committees. The permission in principle process and subsequent Technical Details Consent process should be developed in full consultation with local planning authorities. In particular, it is vital that the proposed Technical Details Consent process is a full reserved matters application and not a truncated prior notification type procedure, as has been seen in nationally set permitted development right policies.

Land for housing

The Chancellor announced that:

- For the first time ever local authorities are collaborating with central Government on a local government land ambition, working with their partners to release land with the capacity for at least 160,000 homes, helping to support the Government's policy on estates regeneration
(Page 38, paragraph 1.121)
- The Homes and Communities Agency will work in partnership with Network Rail and local authorities to provide land around stations for housing, commercial development and regeneration.
(Page 38, paragraph 1.121)

LGA view

- Local government is already set to achieve £9.2 billion land and property sales up to 2018. That is more than double the ambition the Government has set itself. Councils are desperate to increase housebuilding and support measures to bring forward wider packages of public land that can boost development, but they must remain able to manage their assets locally and are best-placed to meet the local housing need and secure the best deal for local taxpayers.
- We remain concerned some aspects of the Housing and Planning Bill – such as extending Right to Buy, cuts to social housing rents and the provision of Starter Homes – will actually combine to reduce significantly the ability of councils to build homes.

Garden towns, cities, and villages

The Chancellor announced that:

- The Government will legislate to make it easier for local authorities to work together to create new garden towns, as well as consult on a second wave of Compulsory Purchase Order (CPO) reforms with the objective of making the CPO process clearer, fairer and quicker
(Page 38, paragraph 1.124)

- The Government will provide technical and financial support to areas that want to establish garden villages and market towns of between 1,500 to 10,000 homes. The Government will shortly announce what planning and financial flexibilities will be offered to local authorities that submit proposals for settlements that deliver a significant number of additional houses.
(Page 38, paragraph 1.124)

LGA view

- Councils want to see more homes built and awarded planning permissions for up to 475,000 homes that are yet to be built. New flexibilities and powers that enable councils to develop garden villages are welcome. We will work with Government to support councils that are interested in pursuing the establishment of garden towns, but it remains critical that local planning authorities lead this effort to ensure buy in from local communities and businesses, and to deliver all the necessary supporting infrastructure.

Homelessness

The Chancellor announced that Government will:

- Invest £100 million to deliver low-cost 'second stage' accommodation for rough sleepers leaving hostel accommodation and domestic abuse victims and their families moving from refuges.
(Page 39, paragraph 1.129)
- Invest £10 million over two years to support and scale up innovative ways to prevent and reduce rough sleeping.
(Page 39, paragraph 1.129)
- Double the funding for the Rough Sleeping Social Impact Bond announced at the Autumn Statement 2015 from £5 million to £10 million.
(Page 39, paragraph 1.129)

LGA view

- Any additional support is welcome and councils must have the full funding and flexibilities to bring together funding and services around local need. It is a tragedy when anyone becomes homeless and councils already have strategies in place to prevent it happening in the first place. This not only includes placing people in accommodation, but also focuses on helping people develop the skills needed to find work or improving their health and wellbeing.
- We are concerned that the lack of affordable homes will continue to increase homelessness and its associated costs. However, councils are desperate to build the new homes that meet local need but housing reforms that reduce rents and force councils to sell their homes will make building new homes, including supported housing for the vulnerable, far more difficult.

Welfare

The Chancellor announced that:

- The date from which new or renewed tenancies in the social sector will be subject to the cap on Housing Benefit at the relevant Local Housing Allowance rate will be deferred for supported accommodation – from April 2016 to April 2017 – to enable the Government to complete a review of supported accommodation.
(Page 103, paragraph 2.74)

LGA view:

- The LGA supports the postponement of an announcement regarding the proposed cap on Housing Benefit at the relevant Local Housing Allowance rate to allow for a review of the funding and provision of supported accommodation. The LGA is well-placed to contribute to this important review.
- Councils already charge the lowest rents of all providers and it is important that they are able to meet their statutory duties to house vulnerable tenants. We want to work with Government to ensure that any cap on Housing Benefit for supported accommodation does not adversely affect the capacity of councils to house vulnerable tenants.

Broadband and Digital Connectivity

The Chancellor announced that:

- The Government will establish a new Broadband Investment Fund, in partnership with private sector investors, to support the growth of alternative broadband networks by providing greater access to finance.
(Page 65, paragraph 1.251)
- The Government will deliver a 5G strategy in 2017, based on an assessment by the National Infrastructure Commission of how the UK can become a world leader in 5G.
(Page 65, paragraph 1.251)
- The Government will make available 750MHz of valuable public sector spectrum in bands under 10GHz by 2022, of which 500MHz will be made available by 2020.
(Page 66, paragraph 1.253)
- The Government will deliver provisions to provide greater freedoms and flexibilities for the deployment of mobile infrastructure, including reducing planning restrictions for existing telecoms infrastructure and allowing taller new ground based masts to be built.
(Page 36, paragraph 1.120)

LGA view

- The LGA welcomes the Government's plans to establish a Broadband Investment Fund. Only a truly competitive telecoms market will incentivise providers to roll out the digital infrastructure required to connect 100 per cent of residents and businesses with fast and reliable broadband.

- The use of mobile broadband, including 5G, will play an increasingly important role in connecting ‘the final five per cent’. Councils maintain the best overview of their area’s digital connectivity needs and are keen to work together with the mobile network operators to find the most viable locations for new infrastructure and ensure communities are properly engaged over developments. The LGA will look to engage with the Infrastructure Commission on the role of local government in helping deliver a 5G strategy.
- The LGA supports the provision of further public spectrum bands as a vehicle to extend connectivity across the country. It is imperative that those providers who successfully bid for spectrum are obligated to improve mobile coverage to rural residents, some of whom barely have 3G access.
- Planning permissions are at an eight-year high. The planning system provides a vital check and balance to ensure that developments have the full engagement and support of the community. Councils must be able to work with network providers to ensure local areas get the best possible coverage in a way that residents are happy with. The LGA does not believe that bypassing this system, in which nine in ten planning applications are approved, would deliver better coverage across the country in a manner that communities would support.

Soft drinks industry levy

The Chancellor announced that the Government will:

- Introduce a new soft drinks industry levy to help tackle childhood obesity, by incentivising companies to reduce the sugar in the drinks they sell, revenue from the soft drinks levy will be used to double the primary school PE and sport premium from £160 million per year to £320 million per year from September 2017 to help schools support healthier, more active lifestyles.
- Provide up to £285 million a year to give 25 per cent of secondary schools increased opportunity to extend their school day to offer a wider range of activities for pupils, including more sport and provide £10 million funding a year to expand breakfast clubs in up to 1,600 schools starting from September 2017, to ensure more children have a nutritious breakfast as a healthy start to their school day. *(Page 32 paragraph 1.90)*

LGA view

- We welcome the introduction of a soft drinks industry levy paid by the producers and importers of sugary drinks. We need to invest in preventative measures to support an environment and a culture where a balanced and healthy diet is the norm and is treated as just as important as appropriate physical exercise.
- The primary school PE and sport premium funding has helped to get more children and young people active and improve sport and physical activity provision in schools. The additional funding will build upon this good work.
- Councils also have an important leadership role to play, working in partnership with schools to open up facilities for community use, unblock barriers to participation, share good practice and broker partnerships with voluntary sports clubs, County Sports Partnerships, National Governing Bodies of Sport and the health sector to support active children and young people in and out of school.

- Councils are taking the lead on tackling obesity, joining up services with leisure centres, transport, education about health and community-run activity schemes. Many councils are already working in innovative schemes which are helping families with children stay healthy, working with schools and on community projects which use targeted education and advice on how to cook and eat healthily on a budget.
- It will be essential that schools work in partnership with their local authority public health teams to get the most from this additional investment. However, we are concerned that the £331 million reduction to the public health budget announced in the Spending Review will have a significant impact on the essential prevention and health protection services provided by councils. It is important for the Government to bring forward the delayed childhood obesity strategy.

Alcohol

The Chancellor announced that:

- The duty rates on beer, spirits and most ciders will be frozen this year. The duty rates on most wines and higher strength sparkling cider will increase by RPI from 21 March 2016.
(Page 109, paragraph 2.137)
- The Government is publishing a new alcohol strategy, setting out its ambition to modernise the alcohol taxes to tackle fraud and reduce burdens on alcohol businesses. Consultations on reform of procedures for the collection of alcohol duty, and on the feasibility and impacts of specific anti-fraud measures will follow in 2016.
(Page 109, paragraph 2.138)

LGA view

- Duty rates are an important way of influencing public consumption. The LGA believes that the Government should extend previous structural reforms to beer duty rates to spirits and cider rates, introducing a tiered approach to rates based on the strength of the product. This would support and reward the development of low-strength, low-harm products that has given such a boost to this part of the beer industry, and is making a significant contribution to improving public health.
- A new alcohol strategy is overdue and the LGA believes that a public health objective in the Licensing Act 2003 should form a key element of the strategy. The strategy should also introduce measures permitting councils to refuse to issue an alcohol licence where there are significant levels of unpaid business rates owed by the premises to the council.

War Pensions and social care

The Chancellor announced that:

- The Government will exempt war pension payments made to injured veterans from the social care means test in England from April 2017.
(Page 96, paragraph 2.19)

LGA view:

- The LGA has previously called for the exemption of the War Disablement Pension (WDP) in the social care financial means test. We therefore support this announcement, which ensures that all veterans are treated equally in respect of their injury compensation monies.
- However, the Budget does not say how this exemption will be funded and councils should not be expected to absorb further costs resulting from Government policy changes. We will be discussing this with officials to ensure that Government covers the costs of this welcome announcement.

National Living Wage

The Chancellor announced that:

- The new mandatory National Living Wage (NLW) will come into effect from 1 April 2016, set at £7.20 an hour for workers aged 25 and above. This will represent a £900 cash increase in earnings for a full-time worker on the current National Minimum Wage (NMW) – the largest annual increase in a minimum wage rate across any G7 country since 2009, in cash and real terms. Around 65 per cent of those who will benefit directly from the NLW are women, and the OBR estimate that by 2020 1.9 million women will be earning the NLW.
(Page 42, paragraph 1.140)
- The Government has asked the Low Pay Commission (LPC) to set out how the new NLW will reach 60 per cent of median earnings by 2020. Based on the OBR's March 2016 earnings forecasts, a NLW of 60 per cent of median earnings would be £9 in 2020, in line with the government's objective.
(Page 42, paragraph 1.141)

LGA View

- The LGA is working to assess the implications of the National Living Wage in local government, and on the wider services it commissions, in particular on the social care system. We welcomes the instruction to the Low Pay Commission to set out a how the target will be reached by 2020 because this will help with financial planning

Off-payroll engagement in the public sector

The Chancellor announced that

- From April 2017, where the public sector engages an off-payroll worker through their own limited company, that body (or the recruiting agency if the public sector body engages through one) will become responsible for determining whether the rules should apply, and for paying the right tax.
(Page 43, paragraph 1.149)
- The Government will consult on a simpler set of tests and online tools that will provide a clear answer as to whether and when the rules should apply.
(Page 43, paragraph 1.150)

LGA view

- The LGA recognises the concern over such tax arrangements and has advised councils to exercise caution in operating them. The LGA will work with Government to ensure that the new responsibilities for public sector organisations will not be unduly burdensome and will look at the detail of the proposals.

Tax rules for pay-offs

The Chancellor announced that:

- From April 2018, the Government will tighten the scope of the exemption to prevent manipulation and align the rules so employer National Insurance contributions are due on those payments above £30,000 that are already subject to income tax. The Government will continue to support those individuals who lose their job. The first £30,000 of a termination payment will remain exempt from income tax and the full payment will be outside the scope of employee NICs.
(Page 43, paragraph 1.146)

LGA view

- The LGA will consider the implications of the announcement for employer costs and the consequences for restructuring plans.

Salary sacrifice

The Chancellor announced that:

- The Government is considering limiting the range of benefits that attract income tax and NICs advantages when they are provided as part of salary sacrifice schemes. However, the Government's intention is that pension saving, childcare and health-related benefits such as Cycle to Work should continue to benefit from income tax and NICs relief when provided through salary sacrifice arrangements.
(Page 42, paragraph 1.147)

LGA view

- The LGA notes that the announcement suggests that restrictions on beneficial salary sacrifice tax arrangements will be limited and hopes that the final proposals take this form. Salary sacrifice schemes can be a useful way to incentivise employees.

Support for parents in employment

The Chancellor announced that

- The Government will launch a consultation in May 2016 on how to implement its commitment to extend Shared Parental Leave and Pay to working grandparents. The consultation will also cover options for streamlining the

system, including simplifying the eligibility requirements and notification system, and will explore the potential to make better use of digital technology.
(Page 41, paragraph 1.136)

LGA view

- The LGA will participate fully in the consultation and supports the concept of extensions to shared parental leave.

Pensions

The Chancellor announced that:

- The Government's policy is to review the discount rate used to set employer contributions to the unfunded public service pension schemes every 5 years. The discount rate is based on the OBR's long term projections of GDP growth. Budget 2016 sets out that the recent assessment has resulted in a reduction in the discount rate which will increase the contributions employers pay to the schemes from 2019/20 onward.
(Page 24, paragraph 1.58)
- The Government has received ambitious proposals from Local Government Pension Scheme administering authorities to establish a small number of British Wealth Funds across the country by combining their assets into much larger investment pools. These pools will deliver annual savings of at least £200-300 million, and we will work with administering authorities to establish a new Local Government Pension Scheme infrastructure investment platform, in line with their proposals, to boost infrastructure investment.
(Page 71, paragraph 1.284)

LGA view:

- The LGA will be seeking further information about the proposed increase in employer contributions for some public services. We will look at the proposals to ensure there are no new burdens for local government.
- In recent months, we have assisted local authority pension funds in making their initial submissions to Government in respect of investments pooling. Work has now begun on the next phase, the detailed proposals that council pension funds are required to make by July 2016, and we are continuing to provide our support to pension funds as they seek to meet this challenging deadline.

Further Information:

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