

Autumn Statement 2023: LGA briefing

22 November 2023

This briefing provides a summary of the key announcements in the 2023 Autumn Statement relevant to local government. The [full set of documents is available on the Treasury website](#).

The LGA has published a [media statement responding to the announcements](#).

Key messages

- The evidence of the financial strain on councils has been growing and it is hugely disappointing that today's Autumn Statement has failed to provide funding needed to protect the services the people in our communities rely on every day.
- There are now more than 80,000 looked after children in England and we were disappointed by the lack of reference to children's services, funding for early years and support for pupils with Special Educational Needs and Disabilities (SEND). Spiralling costs in children's social care are a key driver of budget pressures across councils with social care responsibilities. As we highlighted in [our Autumn Statement submission](#), additional investment would enable councils to reduce demand and stabilise placements, bringing down pressures and improving outcomes for children.
- We are pleased the Government has acted on our urgent and consistent calls to restore Local Housing Allowance rates to the 30th percentile of market rents, which is a hugely positive step in increasing the security of housing, reducing homelessness and supporting the most vulnerable in our society. We are also very pleased that the Government has acted on our calls for a third round of the Local Authority Housing Fund which will help councils support families to move into their own homes and reduce homelessness risks amidst reduced supply of temporary and move-on accommodation for councils. We urge the Government to build on these announcements by implementing [our six-point plan](#) to give local government the powers and funding to deliver thousands of social homes a year – at scale, and fast.
- It is disappointing and concerning that the Autumn Statement provides no new investment for adult social care and we will keep lobbying on this. People who draw on care and support will be understandably worried about the continuing impact of significant pressures on the service. Waiting lists for care assessment or the provision of support remain stubbornly high; serious recruitment and retention challenges continue to beset the workforce; unmet and under-met need remains; instability continues to characterise the provider sector; and directors of adult social services remain worried that their budgets are insufficient to meet all of their statutory duties.
- Councils have worked hard to find efficiencies and reduce costs, but the easy savings have long since gone. It is wrong that residents now face further cuts to services as well as the prospect of council tax rises next year, with councils having the difficult choice about raising bills to bring in desperately needed funding.
- The Government has committed to ensuring councils will be able to set planning fees to cover the full cost of processing some major applications which will mean local taxpayers

no longer have to foot the bill. This is welcome however we look forward to seeing the more details in due course. It is, however, disappointing that the Government continues its pursuit to extend national permitted development rights further.

- Supporting businesses and easing the cost of living for households is important, but not if our public services continue to be chronically underfunded and unable to support people when they need them.
- National economic growth can ultimately only be achieved if every local economy is firing on all cylinders. Only with the right powers and adequate long-term funding which allows councils to plan properly, can we play a lead role in unlocking the labour market, building new affordable homes, creating jobs, plugging skills gaps and delivering on other key government priorities. The LGA is developing a [white paper](#) from local government for local government and communities. Our ambition is to secure a national-local partnership, a new local deal, in which local government can work to its full potential for our people, our places and our planet.
- We welcome the increase in the National Living Wage (NLW). However, local authorities must be sufficiently funded to meet the additional costs in order to avoid further unsustainable pressures on local public services. Looking beyond 2024/25, local government needs as much certainty as possible as to what future NLW rates are going to be, in order to plan effectively for any future increases.
- Devolution gives local leaders greater freedom to take decisions closest to the people they represent. Where they are supported by all councils it is good to see new devolution deals announced today, including to those parts of the country outside cities. This needs to signal a genuine 'local first' approach to policy making across Whitehall, to ensure as many communities as possible benefit from devolution, including the removal of burdensome negotiations and top-down imposition of new structures.

Public spending

The Chancellor announced that:

- The Autumn Statement reaffirms the commitments made at Autumn Statement 2022 to provide additional support to the NHS and adult social care in England in response to the pressures facing the health service. *(Page 27, paragraph 2.5)*
- Planned departmental resource spending for the years beyond the current Spending Review period (2025/26 to 2028/29) will continue to grow at 1 per cent a year on average in real terms, excluding the funding provided to local authorities in 2024/25 as part of the one-year Retail, Hospitality, and Leisure relief scheme. *(Page 36, paragraph 2.14)*
- Departmental capital spending will follow the cash profile agreed at Spring Budget 2023, with new commitments funded in addition to this, including further support for levelling up programmes and business access to finance. *(Page 36, paragraph 2.14)*
- Departmental resource and capital budgets beyond 2024-25 will be set at the next Spending Review. *(Page 36, paragraph 2.15)*

Business rates

The Chancellor announced that:

- For 2024/25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p, while the standard multiplier will be updated by September CPI to 54.6p. *(Page 93, paragraph 5.64)*
- The current 75 per cent relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024/25, a tax cut worth £2.4 billion. Around 230,000 RHL properties in England will be eligible to receive support up to a cash cap of £110,000 per business. *(Page 93, paragraph 5.65)*
- English Local Authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs. *(Page 93, paragraph 5.66)*
- The Government has agreed the detailed terms of the long-term business rates retention arrangements for the Greater Manchester and West Midlands Combined Authorities, delivering on the commitment in the trailblazer deals announced at Spring Budget 2023. These arrangements will commence from April 2024. *(Page 105, paragraph 5.179)*

The LGA view

- The LGA welcomes the business rates measures as they will provide support to a range of businesses. However, freezing the small business rates multiplier also removes buoyancy from the business rates system, and without alternative means of funding council income would reduce.
- It is positive that the Government has provided assurance that local authorities will be fully compensated for these business rates measures and that this will include the funding of new burdens for any administrative expenses and IT costs.
- Compensation needs to include the consequences of increasing the standard business rates multiplier whilst freezing the small business rates multiplier, which has implications for business rates retention arrangements. In response to a [consultation](#) on the technical adjustments to the Business Rates Retention System in response to the Non-Domestic Rating Bill, the LGA called for the Government to keep the gap between the multipliers the same as at present for 2024/25 and to implement the changes when local government and software providers are sure that they can deliver the change.
- We are disappointed that the Government has not announced measures to combat business rates avoidance and evasion following the consultation earlier this year.

Improving access to levelling-up finance

The Chancellor announced that:

- The Department for Levelling Up, Housing and Communities will work with the UK Infrastructure Bank, the British Business Bank, Homes England and other departments to consider – with local and private sector partners – how to support levelling up through

improving access to finance. The group will report to Ministers by the spring. (Page 106, paragraph 5.185)

LGA view

- Given councils' crucial role in securing investment and aligning infrastructure with the needs of place we expect local leaders to play an active role in this Working Group and look forward to working with partners on its development. Infrastructure plays a critical role in supporting local communities and the local economy. Long term challenges such as building climate resilience also demonstrate a continued need to attract private sector finance.

Local Housing Allowance

The Chancellor announced that:

- To support households that need most help to pay their rent, the Government will also raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024. 1.6 million low-income households will be better off, gaining £800 on average in 2024-25. (Page 50, paragraph 3.45)

LGA view

- We are pleased the Government has acted on our urgent and consistent calls to restore Local Housing Allowance rates to the 30th percentile of market rents, which is a hugely positive step in increasing the security of housing, reducing homelessness and supporting the most vulnerable in our society.
- Cost of living pressures, national asylum and resettlement schemes and a lack of affordable homes is driving homelessness increases and putting pressure on council budgets. It is therefore vital that Government maintains support to at least this level and doesn't reinstate the freeze in the future.
- We are disappointed that the Local Housing Allowance rate to determine the subsidy for claims in respect of people living in temporary accommodation will not be uprated as the maximum subsidy remains capped at 90 per cent of the January 2011 rates. It is critical that this higher level of subsidy is available as local authorities spent £1.74 billion supporting 104,000 households in temporary accommodation, both the highest figures since records began.
- Building more genuinely affordable homes remains the best way to help families struggling to meet housing costs, provide homes to rent, reduce homelessness and tackle council housing waiting lists in the long term. We urge government to build on these announcements by implementing [our six-point plan](#) to give local government the powers and funding to deliver thousands of social homes a year – at scale, and fast.

Local Authority Housing Fund

The Chancellor announced that:

- The Government is announcing £450 million for a third round of the Local Authority Housing Fund to deliver 2,400 new housing units to house Afghan refugees and ease wider

housing and homelessness pressures. This will bring the total amount spent on the Local Authority Housing Fund to over £1.2 billion. *(Page 108, paragraph 5.198)*

LGA view

- We are pleased that the Government has acted on our calls for a third round of the Local Authority Housing Fund which will help councils support families to move into their own homes and reduce homelessness risks amidst reduced supply of temporary and move-on accommodation for councils.
- It is helpful the Government is continuing to respond in a more joined up way to pressing housing needs across all the schemes that welcome new arrivals to the UK. We look forward to working with them on more detail of how the fund will operate, including the level of match funding required from councils and which households will be able to access properties.
- Building more genuinely affordable homes is the best way to reduce homelessness and accommodate Afghan and other households. We urge government to implement our six-point plan to give local government the powers and funding to deliver thousands of social homes a year – at scale, and fast.

Extension of Housing Revenue Account borrowing discount

The Chancellor announced that:

- The Government is also extending until June 2025 the Public Works Loan Board policy margin announced at Spring Budget 2023 to support local authority investment in social housing. *(Page 77, paragraph 4.106)*

LGA view

- The continuation of discounted borrowing rates for councils will provide much-needed additional support for vital council housebuilding projects.

Planning fees and capacity funding

The Chancellor announced that:

- The Department for Levelling Up, Housing and Communities will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting use of extension of time agreements. This will also include measures to improve transparency and reporting of planning authorities' records in delivering timely decision-making. *(Page 96, paragraph 5.93)*
- The Government is investing £5 million in additional funding for DLUHC's Planning Skills Delivery Fund for Local Planning Authorities to target application backlogs. *(Page 107, paragraph 5.193)*

LGA view

- The Government has committed to ensuring councils will be able to set planning fees to cover the full cost of processing major applications which will mean local taxpayers no longer have to subsidise these costs. This is welcome however we look forward to seeing the more details in due course.
- We also welcome the additional funding for the Planning Skills Delivery Fund to support councils with application backlogs.
- We want to continue working with the Department for Levelling Up, Housing and Communities to ensure that council planning departments are properly resourced and have the right skills and experience to deliver effective planning services. Only by giving councils total flexibility to set planning fees at a local level can they cover their full costs relating to planning.

Permitted development rights

The Chancellor announced that:

- The Government is announcing a consultation on a new Permitted Development Right for subdividing houses into two flats without changing the façade. This will be implemented in 2024 following consultation early in the New Year. (*Page 108, para 5.200*)

LGA view

- It is disappointing that the Government continues to extend national permitted development rights further. Permitted development rights are an ad hoc, disconnected approach to development that undermines councils' and their communities' strategic long-term decisions and place-making ambitions.

Homes for Ukraine sponsorship

The Chancellor announced that:

- The Government will extend 'thank you' payments into a third year for Homes for Ukraine sponsors across the UK. These will remain at £500 per month and reflect the ongoing generosity of hosts in supporting those who have fled the war. The Government is also providing £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship. (*Page 77, paragraph 4.107*)

LGA view

- We are glad the Government has responded to the LGA's call for the thank you payment to hosts to continue into the third year for Homes for Ukraine sponsors. This continued funding will help to maintain sponsorship arrangements and [reduce risks of homelessness presentations](#) from Ukrainian families unable to find alternative accommodation.

- However, considering inflation and energy costs faced by hosts, support and the thank you payment to existing, new or rematched sponsors needs to be increased by the Government to increase the pool of sponsors and reduce homelessness risks.
- We are keen to work with the Government to give councils more certainty on their revised allocations following the recent announcement that that the [£150 million European Structural Investment Fund](#) to support Ukrainian households has been withdrawn.

Adult social care and mental health

The Chancellor announced that:

- From 1 April 2024, the National Living Wage (NLW) will increase by 9.8 per cent to £11.44 with the age threshold lowered from 23 to 21 years old. (*Page 43, paragraph 3.14*)
- The Government will expand Individual Placement and Support for Severe Mental Illness, the employment support service within community mental health teams, aiming to help people gain and retain paid employment, offering an additional 100,000 places over five years. (*Page 48, paragraph 3.32*)
- The Autumn Statement reaffirms the commitments made at Autumn Statement 2022 to provide additional support to the NHS and adult social care in England in response to the pressures facing the health service. (*Page 27, paragraph 2.5*)

LGA view

- It is disappointing and concerning that the Autumn Statement provides no new investment for adult social care. People who draw on care and support will be understandably worried about the continuing impact of significant pressures on the service. Waiting lists for care assessment or the provision of support remain stubbornly high; serious recruitment and retention challenges continue to beset the workforce; unmet and under-met need remains; instability continues to characterise the provider sector; and directors of adult social services remain worried that their budgets are insufficient to meet all of their statutory duties.
- Whilst the investment made at Autumn Statement 2022 was very welcome, we urged the Government not to think that care and support is now 'fixed'. The absence of new funding, and the near total absence of any commentary on adult social care, might suggest the Government considers that pressures are resolved, and the sector has what it needs. This is patently not the case.
- We also continue to call for a long-term workforce plan for adult social care equivalent to that for the NHS. Councils commission the majority of direct adult social care from external providers. Pressures on the frontline care workforce are acute and challenges around recruitment and retention are well-known. Increases in the National Living Wage (NLW) are therefore welcome, but providers will likely expect to see their increased wage costs reflected in the fees councils pay. This will pose a significant additional pressure on adult social care budgets, which are already considered by many directors to be insufficient to meet all statutory duties.

- We welcome the expansion of the Individual Placement and Support for Severe Mental Illness, the employment support service within community mental health teams, many of which are delivered in partnership with councils. However, councils' statutory mental health services are funded from the social care budget that is under enormous pressure.

Children's social care and special educational needs and disabilities (SEND)

LGA View

- We were disappointed by the lack of reference to children's services, funding for early years and support for pupils with Special Educational Needs and Disabilities in the Autumn Statement. Spiralling costs in children's social care are a key driver of budget pressures across upper tier councils. As we highlighted in our Autumn Statement submission, additional investment would enable councils to reduce demand and stabilise placements, bringing down pressures and improving outcomes for children.
- With record numbers of children needing support, councils – [alongside charities and campaigners](#) – are united on the urgent need for funding to ensure all children and their families get the support they need, as soon as they need it. Additional funding is urgently needed to stabilise the children's social care system before it is pushed to the brink. The lack of investment in today's Autumn Statement risks councils' ability to provide the critical care and support that children rely on every day, and risks diverting essential funding from other council services.
- While we welcome the previously announced additional £440 million, or 4.3 per cent increase in council high needs funding for 2024/25, this does not go far enough in helping councils support all children and young people with SEND, when demand for Education, Health and Care Plans (EHCPs) continues to rise year-on-year. A total of 517,000 children and young people currently have an EHCP, an increase of 9 per cent in the last year alone.
- We are concerned that the proposals set out in the Government's SEND and Alternative Provision improvement plan do not go far enough in reducing those demand pressures. While we wait to see the impact of the proposals, the Government should write off all high needs deficits as a matter of urgency to ensure that councils are not faced with having to cut other services to balance budgets through no fault of their own or their residents.

Back to Work Plan

The Chancellor announced that:

- The Government will also increase the annual number of placements available on Universal Support to 100,000 in England and Wales, doubling its commitment at Spring Budget 2023. The programme matches long-term sick and disabled participants with suitable vacancies, based on their preferences, strengths and any lessons learnt from previous work experience. It also funds support of up to £4,000 per participant, such as for

relevant training or employer adjustments, to ensure that they can succeed in their roles. (Page 48, paragraph 3.33)

LGA view

- We welcome new government investment to support more people into work. The Government should route Universal Support through councils and devolved authorities. They [understand](#) the needs of economically inactive and long-term unemployed people and have a track record in supporting them, given the services they run or commission and their links into the voluntary and community sector and other partners such as jobcentre plus, housing associations and integrated care systems.
- For people who want to work but have multiple barriers to achieving this or who have been out of work for some time, this will not be a quick fix. Support is likely to require coordinating different services (training, employment support, public health and health services, housing, money management etc) to help them overcome barriers, secure work, and stay in work. Supporting employers is also critical.
- The LGA's longstanding Work Local campaign sets out an ambitious vision for progressive devolution and integration of employment and skills services giving local government leaders a single pot of funding to work with local partners, to design, commission and have oversight of a 'one stop' all-age skills and employment service. We continue to call on the Government to adopt this.

Apprenticeships

The Chancellor announced that:

- The Government is committing a further £50 million for a two-year pilot to explore ways to stimulate training in growth sectors and address barriers to entry in high-value apprenticeships. (Page 86, paragraph 5.7)

LGA view

- The LGA looks forward to discussing with government how we can access this pilot to help councils tackle our significant capacity challenges.
- However, the Government has missed an opportunity to go further and deliver root and branch reform of the apprenticeship levy. Employers need greater flexibility over how they can spend their levy funds, including allowing a proportion to be spent on apprenticeship related activity like subsidising apprentice wages, programme administration costs and apprentice support.
- Local government also needs maximum local freedom and flexibility to use apprenticeships funds to better plan provision across their areas to address supply and demand issues, target key sectors to support the local business community and widen participation to disadvantaged groups and specific cohorts.

Delivering a world-class education system

The Chancellor announced that:

- In October 2023, the Prime Minister announced a strong action plan to ensure every student has the literacy and numeracy skills they need to thrive through the introduction of the Advanced British Standard. This new Baccalaureate-style qualification will bring the best of A-Levels and T-Levels together, creating a unified structure that puts technical and academic education on equal footing. This reform will ensure every student in England studies some form of maths and English to age 18, boosting basic skills and bringing the UK in line with international peers. It will increase the number of taught hours by 15 per cent for most students aged 16 to 19 and will broaden the number of subjects students take. *(Page 74, paragraph 4.91)*

LGA view

- It is positive that technical and academic education are being brought together over time into an Advanced British Standard to offer young people a more coherent offer. This will help young people develop the skills needed for the labour market, but it must be planned with local government.
- Councils and devolved authorities are central to identifying and supporting everyone into work, education or training, including helping young people make the right choices.
- Devolving careers advice, post-16 and skills budgets and powers to local areas, would allow local councils, schools, colleges and employers to work together to improve provision for young people so that they can get on in life.

Devolution

The Chancellor announced that:

- The Government has finalised four new devolution deals across England. This includes two Level 3 mayoral deals with [Greater Lincolnshire](#), and [Hull and East Yorkshire](#) and two Level 2 non-mayoral deals with [Lancashire](#) and [Cornwall](#). The Government is also in advanced discussions to agree a Level 2 non-mayoral deal with Devon and Torbay. *(Page 105, paragraph 5.176)*
- The Department for Levelling Up, Housing and Communities intends to offer Level 2 devolution powers to councils that cover a functional economic or whole county area, and meet relevant criteria as set out in the Levelling Up White Paper, where there is local consent to such arrangements. *(Page 105, paragraph 5.177)*
- At Spring Budget 2023 the Government announced two new trailblazer deals with West Midlands Combined Authority (WMCA) and Greater Manchester Combined Authority (GMCA). This included a commitment to provide flexible, single funding settlements for these MCAs at the next Spending Review. The government has published a [Memorandum of Understanding](#) (MoU) for these single settlements. The MoU sets out how the government will operationalise these single funding settlements for the GMCA and WMCA. *(Page 105, paragraph 5.178)*
- The Government [has published a new framework](#) for extending deeper devolution to existing Level 3 Mayoral Combined Authorities (MCAs). The Level 4 framework provides

new powers for MCAs to draw down on, based on the trailblazer deals negotiated with the Greater Manchester and West Midlands Combined Authorities, including powers over adult skills, local transport and housing. *(Page 105, paragraph 5.180)*

LGA view

- Devolution gives local leaders greater freedom to take decisions closest to the people they represent. Where they are supported by all councils it is good to see new devolution deals announced today, including to those parts of the country outside cities. This needs to signal a genuine 'local first' approach to policy making across Whitehall, to ensure as many communities as possible benefit from devolution, including the removal of burdensome negotiations and top-down imposition of new structures.
- It is also positive that the Department for Levelling Up Housing and Communities intends to offer Level 2 Devolution powers to more places. We continue to support the ambition that every area of England can secure a devolution deal that works for them and their residents by the end of decade. We support calls for a National Devolution Baseline for England, with powers made available to every council that wants them, without the need for a lengthy process of negotiation or local governance reform.
- We welcome progress on the development of single funding settlements as part of trailblazer deals in Greater Manchester and the West Midlands. The LGA has long called for an end to the fragmentation of government funding, and to bring budgets together in a place. A shared financial and governance framework will mean that services can better align with local priorities and local duplication of efforts can be eliminated.
- The Government's framework for devolution is an important step and is something that the LGA has long called for. It is good to see the framework expanded to include new powers for local areas, including a single local transport funding settlement; full flexibility over Skills Bootcamps funding; and strategic control in any future Affordable Homes Programme. However, these new funding settlements should not disadvantage other councils.

Local Government Pension Scheme

The Chancellor announced that:

- Following consultation, the Government confirms that guidance for the Local Government Pension Scheme (LGPS) in England and Wales will be revised to implement a 10 per cent allocation ambition for investments in private equity, which is estimated to unlock around £30 billion. The government is also establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50 billion of assets under management. *(Page 63, paragraph 4.35; also page 98, paragraph 5.111)*

LGA view

- The LGA, as the host for the Local Government Pension Scheme Advisory Board ("the Board") Secretariat, assisted the Board to [respond to the consultation](#). The clarity set out in the Government's consultation response is welcome, although it is noted that the response largely retains the same proposals that were consulted on, and upon which the Board and many other respondents expressed considered views.

- The introduction of a 'comply or explain' approach to the pooling of LGPS fund assets gives clarity on what is required of funds, and the Board and its Secretariat will work with the Department for Levelling Up, Housing and Communities (DLUHC) on how best to amend existing guidance to make the requirements as clear and workable as possible.
- The Board's consultation response expressed caution around the government's ambition for the LGPS to allocate 10 per cent of assets to private equity investments. It is noted that the consultation response is clear that investments in private equity should only be made as part of an appropriate and diversified investment strategy, which aims to provide good returns in the interests of scheme members, employers and local taxpayers.

Investment zones

The Chancellor announced that:

- Investment Zones Programme Extension – The Investment Zones programme in England will be extended from five to 10 years. Investment Zones will be provided with a £160 million envelope from 2024-25 to 2033-34 which can be used flexibly between spending and tax incentives, subject to ongoing co-design of proposals and agreement of delivery plans. The UK Government will work in partnership with the Scottish and Welsh Governments with the intention of delivering an extension to the Investment Zones programme in Scotland and Wales and continue to work with stakeholders on how best to deliver the benefits of the Investment Zones programme in Northern Ireland. (*Page 106, paragraph 5.186*)
- Announcing Investment Zones:
 - Greater Manchester's Investment Zone will focus on advanced manufacturing and materials across Manchester, Salford, Rochdale, Bury, Oldham and the wider city region, with anchor investment from First Graphene, Kadant, Werit and Hydrograph worth over £10 million.
 - West Midlands' Investment Zone will focus on advanced manufacturing across Birmingham, Wolverhampton and Coventry, with benefits felt across the wider region, with anchor investment from Bruntwood SciTech and Woodbourne Group worth £70 million in total and backed by over £5 million of investment into enabling digital platforms to support advanced manufacturing growth.
 - East Midlands' Investment Zone will focus on advanced manufacturing and green industries across Nottinghamshire, Derby and Derbyshire with benefits felt across the wider region, with anchor investment from Rolls Royce and Laing O'Rourke worth £9.3 million.
 - In addition to this, the Government can confirm there will be two Investment Zones in Wales; one located across Cardiff and Newport, delivered by the South East Wales Corporate Joint Committee and another focusing on Wrexham and Flintshire delivered by the North Wales Corporate Joint Committee. The Government will be working closely with the Welsh Government on the delivery of these Investment Zones. (*Pages 106-107, paragraph 5.187*)
- Investment Opportunity Fund – The government is creating a £150 million fund to support

Investment Zones and Freeports across the UK to secure business investment opportunities. The fund will be available over five years. *(Page 107, paragraph 5.188)*

LGA view:

- It is good to see progress and further investment on the refocused Investment Zone programme underpinned by partnership between national government and local leaders.

Freeports

The Chancellor announced that:

- Freeport Tax Relief Sunset Date Extension – The window to claim Freeport tax reliefs will be extended from five to 10 years, until September 2031 in English Freeports, conditional on agreement of delivery plans with each Freeport. The UK Government will work with the devolved administrations to agree how the 10-year window to claim reliefs can be extended to Freeports in Scotland and Wales. *(Page 107, paragraph 5.189)*
- Freeports Delivery Roadmap – The Department for Levelling Up, Housing and Communities will publish a Freeports Delivery Roadmap in December outlining the steps the Government will take to ensure Freeports are best able to capitalise on the opportunity the extension presents. *(Page 107, paragraph 5.190)*

LGA view

- Following our calls to government, it is good to see continued progress and further investment in Freeports and we look forward to the publication of the delivery roadmap in due course.

Growth funding

The Chancellor announced that:

- Growth Hubs – The Government will commit to funding for Growth Hubs in 2024-25, delivering local business advice and support. *(Page 102, paragraph 5.147)*
- Funding Simplification Implementation – The recently announced funding simplification doctrine will come into force from January 2024. This is an important step to simplifying the local government funding landscape, giving councils greater flexibility and freeing up resources for delivery. *(Page 106, paragraph 5.184)*

LGA view

- It is positive that the Government has committed funding for Growth Hubs in 2024/25. This continued funding, which must be adequate to meet councils' needs, will be crucial in supporting local areas with the integration of Local Enterprise Partnership (LEP) functions and responds to the LGA's calls on this issue.

- We welcome clarity regarding a date for implementing the funding simplification doctrine. Streamlining the long list of local funding pots, reducing the need for costly funding competitions and allocating funds based where crucial investment needs to go, has been a long-held ask of local government and the LGA. We are keen to see this new approach to local funding replicated across Whitehall and support efforts to see all government departments make this step change.

Energy security and net zero

The Chancellor announced that:

- Government will extend the UK Emissions Trading Scheme (ETS) to cover emissions from energy from waste in 2028. *(Page 68, paragraph 4.62)*

LGA view

- The LGA supports the ambition to reduce carbon emissions from waste activity, but this should be done by support for waste reduction and making producers take more responsibility for the materials they put on the market, for instance via widening the Extended Producer Responsibility scheme.
- The LGA is concerned about passing extra cost on to local government without them having any meaningful levers to reduce waste coming through. We welcome further detail on how this would be funded, and how it would work alongside regulations that require items of household waste containing harmful chemicals to be destroyed by incineration.

Nutrient neutrality mitigation fund

The Chancellor announced that:

- £110 million will be made available through the Local Nutrient Mitigation Fund. This will support Local Planning Authorities (LPAs) affected by nutrient neutrality rules to deliver high-quality local nutrient offsetting schemes, unlocking up to 40,000 homes over the next five years. *(Page 76, paragraph 4.105)*

LGA view

- The additional funding for local planning authorities to deliver local nutrient offsetting schemes is welcome as councils are working hard to develop short-term solutions to unlock housing, such as wetland schemes.
- Nutrient neutrality is a complex problem, and we want to work with government on long-term solutions to funding, partnerships and a more proactive role for the regulators and agencies, such as the Environment Agency, Ofwat and Natural England, in protecting rivers and preventing pollution at source.

Reform of grid connections

The Chancellor announced that:

- Substantive action is required to address the lengthy wait to connect to the electricity grid. These delays limit investment in the transition to low-carbon power generation, which is critical to the UK's energy security. The Government is therefore announcing reform of the grid connection process to cut waiting times, including freeing up over 100GW of capacity so that projects can connect sooner. This will help to enable the significant majority of projects to get their requested connection date with no wait and, for viable projects, reduce overall connection delays from five years to no more than six months. *(Page 61, paragraph 4.25)*

LGA view

- We are pleased to see greater efforts to ensure the grid can connect renewable energy to homes and businesses. Our research found councils have approved 1,300 clean energy schemes, like solar farms, that are still waiting to be built often due to lengthy waits for grid connections. It is important that small and community renewable energy schemes can also connect to the grid quickly and affordably.
- Freeing up grid capacity that physically exists but cannot be accessed due to contractual or regulatory constraints, should always be considered ahead of planning to build new grid infrastructure.

Reducing the time to build new grid infrastructure and offering community benefits

The Chancellor announced that:

- The Government is also setting out an Action Plan to halve the time to build new grid infrastructure to seven years, in response to the review by the Electricity Network Commissioner, Nick Winser. Key elements of this action plan include new proposals for community benefits with up to £10,000 off electricity bills; consulting next year on reforms to energy consenting rules in Scotland; committing to commission the Electricity System Operator to work with government to produce a new Strategic Spatial Energy Plan; and introducing competition into onshore electricity networks in 2024 to benefit consumers. *(Page 61, paragraph 4.26)*

LGA view

- We welcome government's commitment to build new grid infrastructure and offer meaningful community benefits to those communities impacted directly from this nationally important infrastructure requirement, this could be in form of reduced bills or investments into community projects.
- It is important that community benefits are agreed between the community and the developer. Councils, as place leaders, should be resourced to facilitate negotiations where agreement cannot be reached.
- Government must consider seriously the workforce and skills requirements to deliver grid capacity and green energy investment ambitions and should enable local government to bring together public and private investments in the green transition alongside efforts to grow supply chains and skills pipelines.

Veterans

The Chancellor announced that:

- The Government is providing an additional £10 million to support the Veterans' Places, People and Pathways Programme to increase support to a significant community of vulnerable veterans throughout the UK and enable it to become self-sustaining. *(Page 86, paragraph 5.6)*
- The Government is extending the NICs relief for employers of eligible veterans for one year. The relief means businesses pay no employer NICs on annual earnings up to £50,270 for the first year of a qualifying veteran's employment in a civilian role. *(Page 91, paragraph 5.52)*

LGA view

- We welcome extra funding for the Places, People and Pathways Programme. Veterans can face significant barriers to accessing services and tailoring them to meet their needs is vital. Additional funding will help to ensure that veterans in need of mental health support can access timely, effective, and integrated services. This funding needs to be made available to veterans through councils who want to work with armed forces charities, health, and other local partners to further strengthen mental health support for veterans.
- We also welcome announcements around NICs relief for employers of eligible veterans. Councils provide a range of services that help veterans and their families, including housing, money advice, employment support and health and wellbeing services. The scale of the funding challenge facing local government means it is becoming increasingly challenging to maintain the current level of support for the armed forces community. The measures announced today may encourage employers to work with councils to employ veterans.

National Living Wage

The Chancellor announced that:

- To make sure that work always pays, the Government will deliver on its commitment for the National Living Wage (NLW) to meet two-thirds of median earnings. From 1 April 2024, the NLW will increase by 9.8 per cent to £11.44 an hour with the age threshold lowered from 23 to 21 years old, ending hourly low pay. This represents an increase of over £1,800 to the annual earnings of a full-time worker on the NLW and is expected to benefit 2.7 million low paid workers. *(Pages 43-44, paragraphs 3.14 and 3.15)*

LGA view

- The LGA welcomes the increase in the National Living Wage (NLW). However local authorities must be sufficiently funded to meet the additional costs to avoid adding unsustainable additional pressures to local public services.

- Looking beyond 2024/25, local government also needs as much certainty as possible as to what the NLW rate is going to be, in order to plan effectively for any future increases. There is currently too much uncertainty in the process, with today's announcement the latest example of an increase at the higher end of ever-changing projections.
- We strongly urge the Low Pay Commission to put predictability and certainty for employers at the heart of their recommendations to government for the future National Living Wage to enable employers to plan for and manage rises more sustainably.

Public sector productivity

The Chancellor announced that:

- I want the public sector to increase productivity growth by at least half a per cent a year, the level at which the size of our state starts to reduce as a proportion of GDP. (*from the Chancellor's speech*)
- The Chief Secretary to the Treasury is running an ambitious Public Sector Productivity Programme with all departments to reimagine the way public services are delivered. (*Page 22, paragraph 1.39*)

The LGA view

- We will seek further details from the Government about the public sector productivity programme and discuss how this will impact on local government.

Digital technology and AI

The Chancellor announced that:

- To realise the many potential benefits of AI, the UK needs to work with international partners to ensure the safe development of advanced AI systems. The UK is taking a leading role in this area, having hosted the world's first AI Safety Summit earlier this month. The Government will be launching the first AI Safety Institute, backed by an initial £100 million investment. In parallel, the Government is developing its wider regulatory approach, to balance innovation and safe adoption, publishing its response to the AI white paper by the end of the year, and launching a pilot AI Regulatory Sandbox in the spring. (*Page 72, paragraph 4.80*)
- Key to the UK creating a world-leading AI ecosystem is access to compute, which powers the development of AI models. In the last year, the Government has announced significant compute investments, including £900 million at Spring Budget 2023. The Government will be investing a further £500 million in compute for AI over the next two financial years bringing the total planned investment in compute to more than £1.5 billion. These investments will allow researchers and SMEs to develop new foundation models and maximise the UK's potential in AI, enabling, for example, the discovery of new drugs. (*Page 72, paragraph 4.81*)

LGA view

- The LGA welcomes the Chancellor's announcements related to investment in the safe deployment of AI and the AI Safety Institute. We note Government's focus, as evident in the [introduction to the AI Safety Institute](#), is on the extreme uses of AI and frontier models. Although important, it is crucial that focus and support must be pivoted toward its wide ranging use that impacts the daily lives of UK citizens and informed through multi-sectoral engagement. Councils supported proposals for a centrally coordinated multi-sectoral approach to maintaining an AI societal risk register, as proposed in the AI White Paper, and sharing of lessons identified in use cases and AI deployment.
- As a sector that is data-rich, with a workforce of 1.4 million and an annual expenditure of £127 billion (2023/24), touching the lives of everybody, local government has a pivotal role to play in the Chancellor's vision for the UK to be an 'AI powerhouse'.
- However, in the wake of the significant funding pressures that councils in England currently face, the cost of AI systems could prevent councils from accessing the considerable opportunities AI presents. Support should be provided to local government in line with the Government's vision for levelling up and ensure that the use of emerging technologies does not perpetuate regional inequalities in digitalisation.
- The LGA looks forward to the publication of the Government's regulatory approach. The [LGA submitted a response](#) to this consultation, outlining the identified risks and opportunities for local government that need to be reflected. The Government should be mindful that councils are the frontline of democracy in the UK, and any substantial loss of trust in the deployment of AI by all tiers of government will impact councils significantly. Government must play a leading role in citizen engagement in the use of AI and other emerging technologies at the national level, involving councils as key partners due to their awareness of resident needs and local context.

5G Innovation Regions

The Chancellor announced that:

- 5G Innovation Regions – The Government is announcing the 10 regions that have been awarded funding to establish themselves as 5G Innovation Regions following a competition for the £40 million adoption fund. This will support regions to drive take up of innovative 5G-enabled services for businesses and the public sector. (*Page 105, paragraph 5.173*)

LGA view

- This announcement will help support councils and combined authorities to drive the adoption of 5G. We remain concerned about the use of a time-consuming and resource intensive bidding processes.
- We are also concerned that councils in rural communities continue to lag behind more densely populated areas in the roll-out of 5G and wider improvements to mobile digital connectivity. We look forward to working with the Government to strengthen investment and innovation to ensure universal access to high-quality digital infrastructure.