

Local Government Association Briefing

Budget 2020

11 March 2020



Introduction

The Budget, delivered on Wednesday 11 March, provided a formal update on the state of the economy, responded to the new economic and fiscal forecast from the Office for Budget Responsibility and announced the Government's fiscal measures. The full set of documents is available on the [HM Treasury website](#).

The LGA submitted a [representation ahead of the Government's March 2020 Budget](#). We have published the following media statements today:

- [LGA responds to Budget 2020](#)
- [LGA responds to coronavirus measures](#)
- [LGA responds to business rates review launch](#)
- [LGA responds to housing announcements](#)
- [LGA responds to building safety fund](#)
- [LGA responds to Transforming Care Funding](#)
- [LGA responds to Budget pothole funding announcement](#)
- [LGA responds to electric vehicle charging and air quality announcements](#)
- [LGA responds to plastic packaging tax](#)
- [LGA responds to armed forces covenant funding](#)
- [LGA responds to business and intellectual property funding](#)

KEY MESSAGES

- It is encouraging that today's Budget signals a shift towards more spending on local priorities, with significant and welcome investment in infrastructure and public services. With local control over how this new funding is spent, councils can play a key role in providing affordable homes, fixing the nation's roads, delivering high-speed broadband and high-quality mobile connectivity, boosting local economies, and tackling environmental challenges.
- Councils are working hard in hugely challenging circumstances to help communities cope with Coronavirus and will continue to prepare for every eventuality. The announcement of £500 million in hardship funding for individuals, and support to businesses – including business rates relief measures and a £2.2 billion grant fund – to be distributed by local authorities, is good news. Councils will need maximum flexibility to ensure funding can be distributed as quickly as possible and where there is most need. Local government needs the same commitment as the NHS to receive immediate financial support to help adult social care services. This will help keep vulnerable residents safe and reduce pressure on the NHS.
- Business rates account for around a quarter of all council spending power and money raised is used to pay for vital local services. Councils agree the system needs to be modernised and improved and we will engage with the

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Government's review. This is an opportunity to ensure online businesses make a fair contribution, tackle business rates avoidance, reduce the risk of appeals on councils and provide local government with a sustainable income stream. Urgent clarity is needed on how this review will impact on reforms that will allow local government to keep more of business rates income collected locally from next year.

- The recent flooding incidents have highlighted the increasing need for investment in flood defences. It is welcome that the Government is making £120 million available to repair assets damaged in the storms. The Government has recognised the need to substantially increase the amount of funding available for the flood and coastal defence programme in England to £5.2 billion over six years. It will be important that councils are integral to how this spending is prioritised.
- We are pleased to see further progress on a new, and other improved, devolution deals. There is clear and significant evidence that lives are improved, and the country gets better value for money, when councils have the freedoms and funding to make local decisions. All councils should have the opportunity to progress with devolution. Developing new deals will require different approaches for different areas, including how they are governed.
- The announcement of additional funding for affordable housing and to tackle rough sleeping is welcome and will help councils' efforts to boost housebuilding and get people off the streets and into safe accommodation. We are also pleased that the Government has listened to the calls of the LGA and councils by announcing a discounted Public Works Loan Board local infrastructure rate for crucial projects including housing, which would otherwise be under threat. Councils' also need to be able to combine Right to Buy receipts with grant funding, to support them in building homes to meet the needs of local communities.
- It is positive that the Government has listened to councils and the LGA by launching a new £1 billion building safety fund to remove unsafe cladding from public and private sector high-rise residential buildings and an extra £20 million for Fire and Rescue Services to increase inspection and enforcement capability. This is a step in the right direction that will help to improve the safety of buildings and deliver effective safety regulation.
- It is good news that the Chancellor has acted on our calls for more funding to tackle air pollution, rollout a fast charging network for electric vehicles and has taken action to boost recycling and reduce plastic pollution. We will work with the Government to explore the implications for councils and further measures that can help support local leaders in their efforts to tackle climate change and improve air quality.
- It is disappointing that the Budget did not announce councils' public health grant for the next financial year, which is only just over two weeks away. Funding for public health services have been reduced by £700 million in real terms over the past five years. The public health grant must be published with the utmost urgency. This must ensure councils receive the immediate financial support they need to cope with this immediate coronavirus crisis, as well as providing other vital public health services.

- We welcome the Secretary of State's letter to parliamentarians to start the process of cross-party working on the future of care and support. We want to be involved in this new process of building cross-party support, and play our part in achieving the changes needed to ensure that people of all ages can live the lives they want to lead. It is disappointing that today's Budget includes no additional new funding for adult social care. The Government should build on the funding announcements in the 2019 Spending Round, and address the issue of long-term sustainable funding in the Spending Review later this year.
- According to our pre-Budget analysis, councils in England face an overall funding gap of almost £6.5 billion by 2025, just to meet demand and inflation pressures. We are pleased the Chancellor has signalled the start of the Comprehensive Spending Review process and we look forward to working with the Government to ensure it provides a sustainable, long-term funding settlement for councils. This will allow councils to protect and improve local services, grow our economy and make a positive difference to the lives of our communities.

The Budget in more detail

Responding to the Coronavirus (COVID-19)

The Chancellor announced that:

- HM Treasury is creating an emergency response fund, set aside to ensure the National Health Service (NHS) and other public services have the resources they need to tackle the impacts of COVID-19. Initially set at £5 billion, it will fund pressures in the NHS, support local authorities to manage pressures on social care and support vulnerable people, and help deal with pressures on other public services. The size of the fund will be reviewed as the situation develops, to ensure all necessary resources are made available. *(Page 38, paragraph 1.90)*

LGA view:

- Council staff are doing an amazing job in hugely difficult and fast-moving circumstances to help cope with coronavirus and will continue to do all they can to support residents and businesses. Local government therefore needs the same commitment the NHS has received from the Chancellor today that it will receive any immediate financial support it needs to help keep vulnerable residents safe and reduce pressure on the health service.
- The emergency response fund is welcome and we look forward to seeing full details at the earliest opportunity. The funding must be fairly allocated between health, social care, public health and other services to ensure that all parts of the NHS, public health and social care system are fully supported to play their part in protecting local communities and to provide support and treatment to people affected by the Coronavirus.
- Given the absolutely vital role councils' public health and adult social care services are playing in response to the Coronavirus, it is disappointing that no new funding for social care has been announced, and that the Budget was not used to announce councils' public health grant for the next financial year, which is only just over two weeks away. The public health grant must be published by

the Government with the utmost urgency to ensure councils can not only cope with the coronavirus crisis but to continue providing other vital public health services for the long term.

Hardship Fund for councils to support vulnerable people affected by coronavirus

The Chancellor announced that:

- The Government will provide Local Authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area. The Government expects most of this funding to be used to provide more council tax relief, either through existing Local Council Tax Support schemes, or through complementary reliefs. *(Page 39, paragraph 1.97)*

LGA view:

- We are pleased that the Government has made funding available to support councils' efforts to help vulnerable and low-income households who may face hardship as a consequence of the coronavirus.
- The Government and councils will need to work together closely, openly and efficiently to ensure that this funding reaches those facing hardship as quickly and fairly as possible. Partnership working between the Department for Work and Pensions (DWP) and councils will be important to ensure that local hardship support integrates effectively with coronavirus measures announced within the wider benefit system including Universal Credit (UC) and contributory Employment and Support Allowance (ESA).
- We will work with the Government to ensure councils have the capacity to deliver this support effectively and quickly.

Business Rates reliefs and support for businesses

The Chancellor announced that:

- To support small businesses affected by COVID-19 the Government is increasing the Business Rates Retail discount from 50 per cent to 100 per cent for 2020-21. The relief will also be expanded to the leisure and hospitality sectors.
- To support those businesses which pay little or no business rates, the government will provide £2.2 billion of funding for local authorities in England. This will provide £3,000 to around 700,000 business currently eligible for SBRR or Rural Rate Relief, to help meet their ongoing business costs. For a property with a rateable value of £12,000, this is one quarter of their rateable value, or comparable to 3 months of rent. *(Page 40, paragraph 1.101)*
- To support pubs in response to COVID-19 the discount for pubs with a rateable value below £100,000 in England will be increased from £1,000 to £5,000 for one year from 1 April 2020.

- The £1,500 business rates discount for office space used by local newspapers in England will be extended for an additional five years until 31 March 2025.
- The Government will bring forward legislation as soon as possible in this session to provide mandatory 100 per cent business rates relief for standalone public lavatories in England from April 2020.
- Local authorities will be fully compensated for the loss of income as a result of these business rates measures. *(Page 90, paragraphs 2.191 to 2.195)*

LGA view:

- The LGA welcomes these measures as they will provide relief to a range of businesses affected by Coronavirus.
- Councils are best placed to administer the grant support funding to businesses and it is positive the Government has recognised this.
- It is positive that the Government has provided assurance that local authorities will be fully compensated for these business rates measures. This compensation needs to include the funding of new burdens such as rebilling.
- The LGA welcomes the reintroduction of the bill to provide 100 per business rates relief for standalone public lavatories in England which fell when the 2019 General Election was called.

Eligibility and medical evidence for Statutory Sick Pay (SSP)

The Chancellor announced that:

- The Prime Minister has already announced that the forthcoming COVID-19 Bill will temporarily allow Statutory Sick Pay (SSP) to be paid from the first day of sickness absence, rather than the fourth day, for people who have COVID-19 or have to self-isolate, in accordance with government guidelines. The Budget sets out a further package to widen the scope of SSP and make it more accessible. The Government will temporarily extend SSP to cover:
 - individuals who are unable to work because they have been advised to self-isolate
 - people caring for those within the same household who display COVID-19 symptoms and have been told to self-isolate.

(Page 38, paragraph 1.94)

- The Government has already issued guidance to employers, advising them to use their discretion not to require a GP fit note for COVID-19 related absences. This Budget announces that the Government and the NHS will bring forward a temporary alternative to the fit note in the coming weeks which can be used for the duration of the COVID-19 outbreak. This system will enable people who are advised to self-isolate to obtain a notification via NHS111 which they can use as evidence for absence from work, where necessary. This notification would meet employers' need for evidence, whilst taking pressure away from General Practices. *(Page 38-39, paragraph 1.95)*

LGA view:

- We welcome the extension to SSP which will provide support to individuals affected by the Coronavirus.
- The extension of SSP is not immediately relevant for councils that apply the national terms and conditions which make clear that employees in self-isolation should continue to be paid as normal. Employees off sick receive sick pay from day one under the national terms and conditions.
- The NHS 111 notification process is a positive measure and we will consider whether any advice needs to be sent to councils about the operation of this system as details are made clear.

Support for people affected by the coronavirus who are not entitled to Statutory Sick Pay (SSP)

The Chancellor announced that:

- The Government recognises that self-employed people and employees below the Lower Earnings Limit are not entitled to SSP. The best system of financial support for these people is the welfare system and, in particular, 'new style' Employment and Support Allowance and Universal Credit. The Government is committed to supporting these groups, and the Budget announces further support by making it quicker and easier to receive benefits:
- 'New style' Employment and Support Allowance will be payable for people directly affected by COVID-19 or self-isolating according to government advice for from the first day of sickness, rather than the eighth day
- people will be able to claim Universal Credit and access advance payments where they are directly affected by COVID-19 (or self-isolating), without the current requirement to attend a jobcentre
- for the duration of the outbreak, the requirements of the minimum income floor in Universal Credit will be temporarily relaxed for those directly affected by COVID-19 or self-isolating according to government advice for duration of the outbreak, ensuring self-employed claimants will be compensated for losses in income.

(Page 39, paragraph 1.96).

LGA view:

- We are pleased that the Government has recognised the particular challenges that coronavirus might present for the many people who are self-employed and / or working in the gig economy.
- Government must support effective partnership working between the Department for Work and Pensions (DWP) and councils to ensure that support measures provided through Universal Credit, Job Centres and the benefits

system integrate fully and effectively with the local hardship funding that will be administered by councils.

Public expenditure and the Comprehensive Spending Review

The Chancellor announced that:

- From 2020/21 to 2024/25, the Resource Departmental Expenditure Limit (DEL) spending will grow from £360.6 billion to £435.5 billion. Total managed expenditure (TME) will increase from £927.7 billion to £1,080.2 billion within the same time frame. *(Page 33, table 1.11)*
- Public sector net borrowing is forecast to increase from £54.8 billion in 2020/21 to £57.9 billion in 2024/25. *(Page 113, table C.4)*
- The Budget launches the Comprehensive Spending Review 2020 (CSR), setting out the overall level of public spending within which the CSR will be delivered. The CSR will conclude in July and will set out detailed spending plans for public services and investment, covering resource budgets for three years from 2021/22 to 2023/24 and capital budgets up to 2024/25. *(Page 2)*
- The CSR will prioritise improving public services, levelling up economic opportunity across all nations and regions, strengthening the UK's place in the world and supporting the government's ambitions to reach net zero carbon emissions by 2050. It will focus on linking departments' spending proposals to the real-world outcomes they seek to achieve and delivering value for money for taxpayers. *(Page 2)*
- Total current and capital expenditure limits which will be used as part of the Spending Review are set out in the appendix to this briefing. *(Various tables in the Budget book)*
- The Government has also released its [guidance for submitting Spending Review representations](#). The deadline for submissions is Wednesday 20 May.

LGA view:

- [According to our pre-Budget analysis](#), councils in England face an overall funding gap of almost £6.5 billion by 2025, just to meet demand and inflation pressures, before any consideration of service improvements or investment needed in prevention.
- We are pleased the Chancellor has signalled the start of the Comprehensive Spending Review process and we look forward to working with the Government to ensure it provides a sustainable, long-term funding settlement for councils. This would allow councils to protect and improve local services, grow our economy and make a positive difference to the lives of our communities.

Business Rates review

The Chancellor announced that:

- A [fundamental review](#) of business rates will consider further reforms to the business rates system and will report in the autumn. The objectives of the review will be: reducing the overall burden on businesses; improving the current business rates system; considering more fundamental changes in the medium-to-long term.
- The work of the review will focus on four main areas. These are:
 - improvements that could be made from April 2021, alongside the forthcoming revaluation including regarding the Transitional Relief Scheme
 - reforms to the current business rates system to put the tax on a more sustainable basis. This will include:
 - whether a tax on open market rental values remains the best base for commercial property;
 - how open market rental values are determined, and how often
 - the effectiveness and operation of different reliefs;
 - how to minimise the impact of business rates on investment and growth, including the treatment of plant and machinery;
 - how the business rates multiplier(s) should be set;
 - who pays the tax.
 - the administration of business rates, covering the valuation and appeals process; billing; and compliance with the tax.
 - exploring alternatives to business rates, particularly within the taxation of land and property.
- The review will also have particular regard to:
 - the role of business rates in the funding of local government and local services, and the impact of any changes on business rates retention;
 - the delivery of existing reforms to the business rates system;
 - the practical challenges involved in any reforms, and necessary compromises;
 - the implications of the current and future subsidy control regimes;
 - the implications of any changes for the devolved administrations.
- The review will not consider the overall level of funding for local government.
- The review will be carried out by HM Treasury and will report to the Chancellor of the Exchequer and the Financial Secretary to the Treasury. A call for evidence will be published in spring 2020 and the review will report by autumn 2020.
(Page 58, paragraph 1.214 and [fundamental review](#) terms of reference)
- The Government will invest an additional £11.5 million in the Valuation Office Agency (VOA) in 2020/21 to support the modernisation of VOA systems and processes, to increase efficiency and improve customer service in the future.
(Page 91, paragraph 2.197)

LGA view:

- Councils want to see a business rates system which is buoyant, responsive to local needs and fair to all and which promotes growth through incentives.

- A revenue stream which keeps up with demand is also important given the pressures on local government. We welcome the fact that it will have regard to the role of business rates in the funding of local government and local services and the impact of any changes on business rates retention. With implementation of further business rates retention scheduled for April 2021, it is crucial for local authority financial planning that the Government consults on proposals for reform and provides certainty to councils as soon as possible.
- It is positive that the review will consider exploring alternatives to business rates. The review should be wider and consider the full suite of funding options available to local areas to finance local services as well as infrastructure to support growth, including consideration of new sources of funding local government, such as a tourism levy and an e-commerce levy.
- It is good news that compliance with the tax will be part of the terms of the review. Recent [LGA research](#) estimates that £250 million a year is lost in business rates avoidance.
- We welcome the additional funding for VOA, which we have called for, to help address the backlog of appeals and manage more frequent revaluations.

National Living Wage

The Chancellor announced that:

- The Budget commits to a new, ambitious target for the NLW to reach two-thirds of median earnings and extending this to workers aged 21 and over by 2024, provided economic conditions allow. This emergency brake will ensure that the lowest-paid workers across the UK continue to see pay rises without significant risks to their employment prospects. *(Page 52, paragraph 1.173)*

LGA view:

- It is good news that the work of the lowest paid staff is being recognised with an increase in their pay. To meet the Government's objective of the National Living Wage reaching £10,50 per hour will require annual pay increases of 3.33 per cent per annum from 2020/21
- We are currently consulting councils over the pay award for this year (2020/21) and will subsequently begin planning for the 2024/25 target rate. Central government should provide additional funding to support councils in implementing the increase.

Adult social care

The Chancellor announced that:

- The Government is committed to long-term reform of adult social care and the Secretary of State for Health and Social Care has written to parliamentarians to begin building cross-party consensus on reform. Ahead of those discussions, the Government will invest £1 billion of additional funding for social care next

year, as announced at Spending Round 2019. The Budget confirms that this additional funding will continue for every year of the current Parliament to continue to stabilise the system. (*Page 42, paragraph 1.111*)

LGA view:

- This additional funding for adult social care announced in the 2019 Spending Round is welcome. But even with that investment we estimate that adult social care faces a funding gap of £810 million in 2020/21, rising to £3.9 billion in 2024/25. The gap only accounts for core pressures (demography, inflation and the National Living Wage) and the provider market gap (the difference between what providers say is the cost of delivering care and what councils pay); it does not factor in other key issues such as unmet and under-met need, workforce challenges, the need to invest more in prevention and the strain on unpaid carers. It is disappointing that today's Budget includes no additional new funding for adult social care. The Government should build on the funding announcements in the 2019 Spending Round and address the issue of long-term sustainable funding in the Spending Review later this year.
- We welcome the Secretary of State's letter to parliamentarians to start the process of cross-party working on the future of care and support. We would very much welcome the opportunity to be involved in this new process of building cross-party support and playing our part in achieving the changes needed to ensure that people of all ages can live the lives they want to lead.
- Our work on our own green paper, *The lives we want to lead*, provides a valuable basis from which to consider the various options for reforming care and support and how such reforms might be paid for. Our work has also focussed strongly on the need to champion the importance of care and support in its own right and build a vision for social care that reflects that importance and the voice of people with lived experience.

Investing in the NHS

The Chancellor announced that:

- The Budget provides over £6 billion of further funding to strengthen the NHS in England. (*Page 42, paragraph 1.107*)

LGA view:

- We welcome the new investment in the NHS, which is in addition to the significant real terms increase announced in the 2019 Spending Round. But investing in the NHS while failing to provide a sustainable future for adult social care is short-sighted and ineffective. The Government should build on the funding announcements for council social care services in the 2019 Spending Round. Significant additional investment in adult social care and public health is required to promote and protect health and wellbeing, provide community-based care and support for people who need it. and in so doing reduce the demand on the NHS.
- We are disappointed that there is no additional financial support for local government to recruit, retain and train the nurses they need to carry out their

statutory public health functions in relation to children and young people's health.

Learning Disability and Autism Fund

The Chancellor announced that:

- The Government will provide funding over the next three years to speed up the discharge of individuals with learning disabilities or autism into the community from mental health inpatient care in England. *(Page 72, paragraph 2.26)*

LGA view:

- Today's announcement will support councils working with NHS partners in local Transforming Care Partnerships to enable more people to leave inpatient assessment units and live in the community. Councils must be able to quickly access the funding so they can build upon progress to date.
- A sustainable funding settlement for adult social care, which recognises the longer-term costs to councils, is desperately needed as inpatient beds are reduced and councils rightly focus on investing in personalised, quality and timely community services for people with complex needs.

Additional funding for veterans' mental health

The Chancellor announced that:

- The Government will provide a £10 million uplift in 2020-21 to the Armed Forces Covenant Fund Trust, to deliver charitable projects and initiatives that support veterans with mental health needs. *(Page 73, paragraph 2.44)*

LGA view:

- It is positive that the Government has listened to the LGA and boosted funding for the Armed Forces Covenant Fund Trust. Councils are committed to supporting all veterans, including those with mental health needs, and have a strong track record of working with charities to deliver projects funded by the Armed Forces Covenant Fund Trust.
- Activity funded by this extra money will help to ensure that veterans have access to timely mental health support. Projects will have greatest impact if they are locally-led by councils, charities and health partners, so that they build upon existing local activity to support veterans and improve mental health.

Children and families

The Chancellor announced that:

- The Government is announcing a service improvement that will make Tax-Free Childcare (TFC) compatible with school payment agents. This will allow parents

of up to 500,000 school-aged children across the UK to access TFC and use it towards the cost of their wraparound childcare. *(Page 71, paragraph 2.16)*

LGA view:

- We have called for the Government to simplify the childcare system to ensure parents can understand and access what they are entitled to. We welcome service improvements that may make this easier for parents, but would encourage the Government to go further to ensure everyone is clear about what they are entitled to or what support would be best for them.
- We know that many childcare providers are struggling with increased costs. It is therefore disappointing that the Budget has not provided the necessary support for providers to ensure parents and carers will be able to access the right childcare when they need it.

The Chancellor announced that:

- This Budget will go further on supporting families by providing £2.5 million for research and developing best practice around the integration of services for families, including family hubs, and how best to support vulnerable children. *(Page 75, paragraph 2.64)*

LGA view:

- We welcome the Government's recognition of the importance of early, integrated support for families and children, and its commitment to increasing the knowledge-base around this. We are keen to support the Government with multi-agency examples of good practice so that future plans can enhance and build on integration already taking place at a local level.
- This research must consider the integration of a wide breadth of services, building on what we already know about family needs. This includes mental health, domestic violence, welfare and public health. Government must also consider how the research is disseminated and what support will be available to ensure it is embedded effectively in service design and delivery.

Neonatal leave and pay

The Chancellor announced that:

- The Budget announces a new entitlement to neonatal leave and pay for employees whose babies spend an extended period of time in neonatal care. *(Page 70, paragraph 2.7)*

LGA view:

- The LGA welcomes the new entitlement, which has already been independently adopted by several councils, and will advise local authorities as appropriate in due course.

Carers' leave

The Chancellor announced that:

- The government will shortly consult on the design of Carers' Leave: a new in-work entitlement for employees with unpaid caring responsibilities, such as for a family member or dependents. This will support hardworking people to balance their caring responsibilities with work, particularly women who disproportionately undertake unpaid caring activities. *(Page 70, paragraph 2.6)*

LGA view:

- We welcome the commitment to consult on the design of carers' leave and will respond appropriately on behalf of the sector.

Youth Violence

The Chancellor announced that:

- The Budget confirms £500 million for a Youth Investment Fund to build new youth centres, refurbish existing youth facilities and provide high-quality services for young people across the country. *(Page 76, paragraph 2.72)*
- The Budget contains an additional £5 million for the Youth Endowment Fund to support the creation of a Centre of Excellence for Tackling Youth Violence. This will create a single evidence hub on what works to divert young people away from criminal activity and improve the effectiveness of wider investments in crime reduction. *(Page 44, paragraph 1.120)*

LGA view:

- A single hub of evidence relating to what works in tackling youth violence will be helpful to local practitioners working to prevent young people from becoming involved in criminal activity. We would be pleased to work with the Centre to look at how evidence is effectively disseminated and what support will be needed to ensure it impacts on service design and delivery.
- However, councils have had to cut vital youth services by half because of budget pressures. These services support young people and help them to make positive choices, keeping them safe and helping them as they transition to adulthood. The £500 million Youth Investment Fund, which was re-confirmed in today's Budget, will be helpful in supporting youth services, but long-term, sustainable funding is vital to re-invest in services (including those identified through the new Centre of Excellence) and help tackle youth violence.

Domestic violence prevention

The Chancellor announced that:

- The Government is providing £10 million in 2020/21 for innovative new approaches to preventing domestic abuse, working with Police and Crime

Commissioners to expand projects such as the Drive prevention programme. (Page 73, paragraph 2.36)

LGA view:

- Tackling domestic abuse requires a greater focus on measures that prevent domestic abuse from occurring in the first place, including working with perpetrators.
- The commitment to additional funding for this purpose is therefore welcome. However, there is also a need to ensure that vital services with a role to play in prevention – including education and children’s and families services – are sufficiently resourced to take the early intervention measures that can help prevent domestic abuse.
- It will also be important for PCCs to continue to work closely with other local partners on this issue.

Flooding

The Chancellor announced that:

- The twin pressures of climate change and population growth mean that further action is needed. The Government will double the amount it invests in the flood and coastal defence programme in England to £5.2 billion over six years, better protecting a further 336,000 homes and non-residential properties. According to Environment Agency modelling, this will reduce national flood risk by up to 11 per cent by 2027. This doubling of funding exceeds the level of investment recommended by the National Infrastructure Commission. The Government is also making available £120 million to the Environment Agency (EA) to repair the assets damaged by the storms this winter. (Page 46, paragraph 1.138)
- Where flooding and coastal erosion is inevitable, further action is needed to ensure that communities can respond and recover more quickly. The Government will provide £200 million over the next six years for a place-based resilience programme. This will support over 25 local areas, urban, rural and coastal, from the North, the Midlands and the South, to take forward wider innovative actions that improve their resilience to flooding and coastal erosion. Areas will be selected based on a range of criteria, including repeated significant flooding in the past. (Page 47, paragraph 1.139)

LGA view:

- This welcome announcement follows our calls for councils to be given additional funding to deal with the immediate effects of flooding and to reduce its long-term impact. We will be working with government to ensure councils are able to access funding for their local communities.
- As the recent storms have shown, flooding can devastate communities, causing enormous disruption to families and businesses, and resulting in clean-up bills costing huge sums of money. This is putting extra pressure on already challenging council budgets, which in some cases can lead to funds having to be diverted from other services, particularly in worst affected areas.

- The additional EA funding for repairing the assets damaged by the storms is much needed. The EA must work with councils on how this money is spent.
- The LGA is calling for a more flexible funding model, including for capital and revenue funding to be devolved into a single place-based pot to allow local areas to support a more diverse set of outcomes that meet local priorities.

Building Safety

The Chancellor announced that:

- Following the Grenfell tragedy, one of the Government's most important objectives is to ensure residents feel safe and secure in their home. Having taken expert advice, the Budget confirms an additional £1 billion to remove unsafe cladding from residential buildings above 18 meters to ensure people feel safe in their homes. *(Page 80, paragraph 2.96)*

LGA view:

- The LGA has been calling for Government action to fund councils and housing associations to remove non-Aluminium Composite Material (ACM) dangerous cladding for over two years, and to protect leaseholders in high-rise buildings with similar cladding.
- This announcement is welcome. More work is needed in the future to address other aspects of building fire safety.
- This additional funding will also not cover the costs to councils of replacing mis-sold non-compliant fire doors nor addressing issues arising out of the failure of the building safety system other than cladding.

Housing

The Chancellor announced that:

- The Budget sets out an ambitious package of investment to build the high quality and affordable homes the country needs. This includes £12.2 billion for the Affordable Homes Programme and £400 million for ambitious Mayoral Combined Authorities and local areas to establish housing on brownfield land across the country. The Budget also confirms allocations from the Housing Infrastructure Fund, totalling £1.1 billion for nine different areas including Manchester, South Sunderland and South Lancaster. *(Page 47, paragraph 1.144)*

LGA view:

- The announcement that the Government is investing a further £9.5 billion in the Affordable Homes Programme, from 2021/22 to support the creation of affordable homes, is welcome.

- With more than one million households on council waiting lists, and now more than 86,000 households in temporary accommodation, it is vital that the Programme is re-focused towards support for truly affordable homes, including those for social rent. Councils also need to be able to retain all Right to Buy receipts, combine them with other funding sources, to support them in building homes to meet the needs of local communities. We look forward to working with the Government, councils and other partners in developing the Programme.
- It is welcome that the Government has provided additional funding to support housing delivery on brownfield land. In our view all councils should have access to this funding to support their ambitions to bring brownfield sites forward.
- Confirmation of Housing Infrastructure Fund allocations will enable the delivery of new homes. It is crucial that funding is allocated to outstanding projects quickly so that works can continue as soon as possible.

Homelessness

The Chancellor announced that:

- The Budget confirms the £237 million announced by the Prime Minister for accommodation for up to 6,000 rough sleepers and provides a further £144 million for associated support services and £262 million for substance misuse treatment services which, when fully deployed, is expected to help more than 11,000 people a year. *(Page 75, paragraph 2.63)*
- The Government is introducing additional exemptions from the Shared Accommodation Rate (SAR) for Universal Credit and Housing Benefit claimants to protect those at risk of homelessness. This will enable rough sleepers aged 16-24, care leavers up to the age of 25, and victims of domestic abuse and human trafficking to live on their own, supporting their recovery from homelessness. *(Page 54, paragraph 1.190)*

LGA view:

- The announcement of an additional £643 million over the course of this Parliament as set out above is welcome and will help councils' efforts to get people off the streets and into safe accommodation. We have been warning of the significant pressures facing councils' homelessness services for some time, with nearly 7 in 10 spending more than they planned to on homelessness support in 2018/19.
- It will be essential that the additional funding for substance misuse services is firmly aligned with public health funding provided through the public health grant to local authorities. Councils need urgent clarity on how this funding will be distributed so that they can begin to plan the services that people sleeping rough so urgently need.
- We are also pleased that the Government has responded to the LGA's calls to extend exemptions to the Shared Accommodation Rate. This is an important step in the right direction, which will reduce the likelihood that unaffordable housing pushes vulnerable young people and victims of domestic abuse and human trafficking into unsuitable accommodation or homelessness.

- However, the Government must now go further by tackling the significant future demand pressures facing councils' homelessness services in the 2020 Comprehensive Spending Review. This includes long-term sustainable funding for homelessness prevention and realigning the local housing allowance with the 30th percentile of market rents. The Government must also look at the wider need for additional resources to support victims recovering from trauma linked to domestic abuse and/or human trafficking.
- Councils also need powers to invest in new homes for those that need them. This includes urgent reform to the Right to Buy scheme, to enable councils to keep all sales receipts and set discounts locally.

Planning

The Chancellor announced that:

- The Secretary of State for Housing, Communities and Local Government will shortly set out comprehensive reforms to bring the planning system into the 21st century, followed by a Planning White Paper in the spring. These reforms will aim to create a simpler planning system and improve the capacity, capability and performance of Local Planning Authorities (LPAs) to accelerate the development process. Where LPAs fail to meet their local housing need, there will be firm consequences, including a stricter approach taken to the release of land for development and greater government intervention. The Government will also explore long-term reforms to the planning system, rethinking planning from first principles, to ensure the system is providing more certainty to the public, LPAs and developers. *(Page 47, paragraph 1.145)*

LGA view:

- The planning system is not a barrier to housebuilding, with planning permission granted for new homes almost doubling since 2012/13 and nine out of 10 applications being approved. The number of homes granted planning permission has also far outpaced the number of homes being built. The latest figures show that around 2.5 million units have been granted planning permission by councils since 2009/10, while only around 1.5 million have been completed.
- It is vital that the Government provides councils with the powers they need to tackle the housing backlog and step in where a site with planning permission lies dormant and housebuilding has stalled.
- The planning process also needs to be protected. A local plan-led system enables councils to take into account local communities' social, environmental and economic aspirations, which includes the necessary infrastructure and affordable housing.
- Councils should also be able to set planning fees locally. Currently the taxpayer is subsidising the cost of processing planning applications by almost £180 million a year because the nationally set fees do not cover the costs.

Discounted lending rates for social housing and local authority infrastructure

The Chancellor announced that:

- The Government is cutting the interest rates for investment in social housing by 1 percentage point and making an extra £1.15 billion of discounted loans available for local infrastructure projects. *(Page 44, paragraph 1.123)*
- The Government will provide an additional £1.15 billion discounted lending at 60 basis points above gilts via the Public Works Loan Board (PWLB) to support specific local authority infrastructure projects for England, Scotland and Wales. *(Page 74, paragraph 2.58)*
- The rate for discounted PWLB lending to support social housing will be reduced to 80 basis points above gilts for local authorities in England, Scotland and Wales. *(Page 74, paragraph 2.59)*

LGA view:

- We are pleased that the Chancellor has made these announcements today. In our Budget submission and subsequent letters to the Government, we called for the implementation of a discounted local infrastructure rate for crucial projects including housing which would otherwise be under threat.

Public Works Loans Board (PWLB) lending review

The Chancellor announced that:

- The Government will consult on revising the terms of PWLB lending to ensure that local authorities can continue to invest in housing, infrastructure and frontline services. *(Page 75, paragraph 2.60)*
- The Government will reset the PWLB power to increase the PWLB lending limit. *(Page 75, paragraph 2.61)*
- The [consultation](#) on these proposals has been published today by the HM Treasury and closes on 4 June 2020. The consultation proposes that in future councils that wish to access the PWLB will be required to confirm that they do not plan to buy investment assets primarily for yield.

LGA view:

- The PWLB provides an easily accessible source of borrowing for councils and it is important that this continues to be the case, even though alternative sources of finance, such as the [Municipal Bonds Agency](#) are available.

Fire Safety

The Chancellor announced that:

- The Government is providing £20 million for Fire and Rescue Services to increase inspection and enforcement capability and build a strategic response to the Grenfell Public Inquiry's findings. *(Page 72, paragraph 2.35)*

LGA view:

- This money will be helpful in delivering the effective fire safety regulation and properly funded training we have been calling for.
- The UK has a shortage of fire engineering expertise, and sustained investment is needed to provide services with the qualified staff they need. This is a welcome start but needs to be matched with investment in local authority building control.

Growing a Greener Economy

The Chancellor announced that:

- This year, as the UK prepares to host the COP26 Climate Summit, the Government is raising its ambition to decarbonise the economy. This will level up green economic opportunities in every nation and region and boost innovation, whilst also improving the natural environment. *(Page 62, paragraph 1.235)*
- The Budget sets out ambitious action on tree planting, ultra-low emission vehicles, heat decarbonisation and carbon capture and storage. Further climate policy measures will follow in the coming months. *(Page 62, paragraph 1.236)*
- HM Treasury will also publish two reviews this year – one into the economic costs and opportunities of reaching net zero, the other led by Professor Sir Partha Dasgupta into the economics of biodiversity. *(Page 62, paragraph 1.237)*

LGA view:

- We want to work closely with the Government on its work to deliver COP26 and the reviews of the net zero ambition.
- The LGA and over 260 councils have declared a climate emergency and support the ambition to make rapid progress in reducing carbon emissions. This needs a place-based approach supported by devolved powers and funding. The LGA has therefore called for a joint task force with the Government to take a broader view of the challenges being raised by climate change.

Waste and Recycling

The Chancellor announced that:

- The government is committed to improving waste management, boosting recycling and reducing plastic pollution. Following consultation in spring 2019, the Government will introduce a new Plastic Packaging Tax from April 2022 to

incentivise the use of recycled plastic in packaging and help tackle the scourge of plastic in the natural environment. An additional £700,000 will establish the Extended Producer Responsibility scheme, designed to encourage producers to make their packaging more recyclable and reduce the amount of unnecessary packaging in their products. *(Page 64, paragraph 1.252)*

- The Government will also take action to fight waste crime. The Budget will provide funding for a digital waste tracking system to provide better data on waste transport, as well as £2 million to improve evidence on where fly-tipping happens and the best ways to deter it. *(Page 64, 1.253)*

LGA view:

- The LGA has historically called for producers to pay for the full net cost of the waste they create. Councils must be involved meaningfully in the development of the formula to distribute the Extended Producer Responsibility (EPR) funding. The LGA will be pressing to ensure that the EPR scheme provides additional funding to councils to cover the cost of dealing with packaging waste including littered and fly tipped packaging items.
- The plastics tax is a step in the right direction and stimulates demand for the reuse of plastic packaging. We will be working with government to understand any unintended consequences such as producers moving to alternative packaging which cannot be recycled.
- We encourage Government to consider what else it can do to reduce plastic packaging in the first place and make plastic easier to recycle.
- Councils are working hard to fight waste crime. Government could go further by reviewing sentencing guidelines for fly-tipping, so offenders are given bigger fines for more serious offences, and ensure councils have the funding needed to investigate incidents.

Natural Environment

The Chancellor announced that:

- The Budget announces the Nature for Climate Fund which will invest £640 million in tree planting and peatland restoration in England, increasing the rate of tree planting by over 600 per cent and covering an area greater than Birmingham over the next five years. In addition, the Budget announces the Nature Recovery Network Fund, which will partner with businesses and local communities to protect, restore and support existing habitats and wildlife. The Government will also introduce the Natural Environment Impact Fund to help prepare green projects that could be suitable for commercial investment in order to encourage private sector support for environmental restoration. *(Page 64, paragraph 1.250)*

LGA view:

- We share the Government's ambition on the natural environment. We have previously raised concerns about the skills, capacity and resources available

within councils to deliver on this agenda. This funding should be devolved to local councils so that it can be spent on the issues that matter to local people.

Decarbonising power, industry and heat

The Chancellor announced that:

- Carbon capture and storage will be important to decarbonising both power and industry. It can provide flexible low carbon power and decarbonise many industrial processes, whilst also offering the option for negative emissions at scale. The Budget announces a CCS Infrastructure Fund to establish CCS in at least two UK sites, one by the mid-2020s, a second by 2030. Using consumer subsidies, the Government will also support the construction of the UK's first CCS power plant. *(Page 62, paragraph 1.241)*
- The Government will consult on introducing a new grant scheme from April 2022 to help households and small businesses invest in heat pumps and biomass boilers, backed by £100 million of new Exchequer funding. *(Page 81, paragraph 2.106)*
- The Government will extend the Domestic Renewable Heat Incentive (RHI) in Great Britain until 31 March 2022. It will also introduce a new allocation of flexible tariff guarantees to the Non-Domestic RHI in Great Britain in March 2021, helping to provide investment certainty for the larger and more cost-effective renewable heat projects. *(Page 81, paragraph 2.107)*
- The Budget confirms £96 million for the final year of the Heat Networks Investment Project, which ends in March 2022. After this, the Government will invest a further £270 million in a new Green Heat Networks Scheme, enabling new and existing heat networks to be low carbon and connect to waste heat that would otherwise be released into the atmosphere. *(Page 81, paragraph 2.108)*
- The Government is allocating an additional £10 million in 2020-21 to support the design and delivery of net zero policies and programmes. *(Page 81, paragraph 2.109)*

LGA view:

- We look forward to working with the Government on carbon capture. This is a new area of research which local and central government need to act quickly upon to understand and develop as one of many possible solutions to address the climate emergency we face.
- Councils have identified that heating is one of the key sources of carbon emissions. The decarbonisation of energy will require significant investment. The funding announced today is a step in the right direction. We need long term solutions which address these challenges. The LGA has therefore called for a joint task force with the Government to take a broader view of the challenges being raised by climate change.

Highways maintenance and potholes

The Chancellor announced that:

- £500 million per year from 2020/21 to 2024/25 to help tackle potholes and to stop them from forming. As a result, the Government will spend £1.5 billion in 2020/21 on filling in potholes and resurfacing roads. *(Page 79, paragraph 2.87)*

LGA view:

- We are pleased the Chancellor has listened to, and acted on, our calls for significantly more funding to fill and repair potholes. Fixing our roads is a top priority for councils, who fix a pothole every 17 seconds. We look forward to seeing the details of how this money will be allocated to councils. Extra funding will help councils to do more to maintain our roads and go a long way to help tackling our local road repairs backlog.
- To help councils go further to maintain our roads and improve local connectivity, they need devolved infrastructure and public transport budgets, ensuring a funding allocation in advance for five years. This would enable them to deliver infrastructure improvements that allow people to move around in less carbon intensive and more sustainable ways.

Public transport in city regions

The Chancellor announced that:

- Building on the Transforming Cities Fund, the Government will also provide £4.2 billion from 2022/23 for five-year funding settlements for eight Mayoral Combined Authorities (in West Yorkshire, Greater Manchester, West Midlands, Liverpool City Region, Tyne and Wear, West of England, Sheffield City Region and Tees Valley). *(Page 45, paragraph 1.130)*

LGA view:

- This announcement will enable councils and combined authorities in those areas to invest in much needed public transport infrastructure. Public transport has a vital role to play in connecting people and business and reducing carbon emissions throughout the country. It is vital that the National Infrastructure Strategy and the 2020 Comprehensive Spending Review address the needs of all parts of the country and provide the same levels of funding certainty.

Air Quality

The Chancellor announced that:

- An additional £304 million to enable local authorities to take immediate steps to reduce nitrogen dioxide emissions. This brings the total amount that government has provided to affected local authorities to £880 million, meeting the Government's obligations to all affected local authorities. *(Page 63, paragraph 1.248)*

LGA view:

- We are pleased the Chancellor has listened to and acted on our calls for significantly more funding to address our air quality challenges. It is vital that the Government fully funds mandated authorities' clean air plans in order to bring nitrogen dioxide emissions below legal limits in the quickest possible time.

Electric Charging infrastructure

The Chancellor announced that:

- The Government is providing £500 million over the next five years to support the rollout of a fast-charging network for electric vehicles, ensuring that drivers will never be further than 30 miles from a rapid charging station. This will include a Rapid Charging Fund to help businesses with the cost of connecting fast charge points to the electricity grid. To target spending from this fund effectively, the Office for Low Emission Vehicles will complete a comprehensive electric vehicle charging infrastructure review. *(Page 63, paragraph 1.246)*

LGA view:

- This announcement will help the country to transition to a zero-carbon transport network by providing the public and business with reassurance of the availability of charge points. This will also help tackle air quality challenges in our towns and cities. We await further details and it will be important that Office for Low Emission Vehicles (OLEV) consults with local authorities to ensure that the roll out complements local action and investment.

Digital Connectivity

The Chancellor announced that:

- The Government is committing £5 billion to support the rollout of gigabit-capable broadband in the most difficult to reach 20per cent of the country, so that all areas are able to benefit. *(Page 46, paragraph 1.134)*
- The next seven areas that have successfully bid for funding from the third wave of the Local Full Fibre Networks Challenge Fund are: North of Tyne (£12 million), South Wales (£12 million), Tay Cities (£6.7 million), Pembrokeshire, (£4 million), Plymouth (£3 million), Essex and Hertfordshire (£2.1 million) and East Riding of Yorkshire (£1 million). *(Page 46, paragraph 1.135)*
- The Shared Rural Network agreement has been finalised between the Government and industry. The Government will commit up to £510 million of funding, which will be more than matched by industry. This means 95per cent of the UK's landmass will have high quality 4G mobile coverage by 2025. *(Page 46, paragraph 1.136)*

LGA view:

- The confirmation of the Government's pledge of £5 billion gigabit-capable broadband is positive. This new publicly funded broadband programme should

not be managed centrally from Whitehall. It should learn from the previous Superfast Broadband Programme where councils used their local knowledge to hold broadband providers to account on their progress and secure greater value for money for taxpayers. Councils stand ready to work with Government to help design a programme that will benefit from this local expertise.

- The £1 billion Shared Rural Network deal is good news for our communities, especially in rural areas. Councils are best placed to understand the digital needs of their local areas and it is vital that mobile network operators and the Government now work with local authorities to deliver this ambitious programme.
- The Government and Ofcom must also outline how they will hold mobile network operators to account on their coverage. If the coverage data on which the Ofcom and Government will judge success fails to match the experience of residents and businesses on the ground, SRN will not achieve the best value for taxpayers' money.

Devolution

The Chancellor announced that:

- The Government has agreed a devolution deal with West Yorkshire to establish a Mayoral Combined Authority with a directly-elected Mayor from May 2021. *(Page 49, paragraph 1.155)*
- The Government will publish an English Devolution White Paper in the summer, setting out how it intends to meet its ambitions for full devolution across England. *(Page 82, paragraph 2.120)*

LGA view:

- The announcement of the first new devolution deal in over two years is encouraging and has the potential to deliver significant benefits to those living and working in the West Yorkshire region.
- Areas with devolution deals are already demonstrating the significant benefits of bringing power and investment decisions closer to local communities and economies. It is therefore encouraging to see the commitments made to further empower established devolution areas.
- These announcements must be followed by a concerted effort to reignite the process of devolution across England and equip councils across all parts of the country with the freedoms and funding required to deliver for their areas.
- The English Devolution White Paper provides a crucial opportunity to strengthen local government's abilities to grow local economies and improve people's lives. This will require different approaches for different areas, including how they are governed.

Research and development

The Chancellor announced that:

- The Budget sets out ambitious plans to increase public R & D investment to £22 billion per year by 2024-25. *(Page 59, paragraph 1.220)*
- The Government is providing an immediate funding boost of up to £400 million in 2020-21 for world-leading research, infrastructure and equipment. This will help build excellence in research institutes and universities right across the UK, particularly in basic research and physical sciences. *(Page 59, paragraph 1.222)*
- At the CSR, the Government will examine how R&D funding as a whole can best be distributed across the country to help level up every region and nation of the country. *(Page 60, paragraph 1.224)*

LGA view:

- Research institutes and universities are major local employers and play a key role in their local economies. Across the country, councils work in close collaboration with them to drive inclusive growth that benefits local businesses and residents.
- As far as possible investment into research and development should be designed to deliver wider benefits for institutes' surrounding places. This can be achieved through supporting collaboration between local institutions and drawing on existing strategies such as locally developed science and innovation audits to drive innovative growth that meets the needs of communities and economies across the country.

National Institute for Health Research

The Chancellor announced that:

- In order to improve our understanding of how to reduce the burden of illness in the future, the government is committing £12 million of new funding for the National Institute for Health Research to invest in prevention research, supporting local authorities to grow their research capabilities for the longer term. *(Page 72, paragraph 2.28)*

LGA view:

We welcome the funding to support research for local authorities and look forward to continued working with NIHR to design and deliver this.

Trade and investment

The Chancellor announced that:

- DIT will drive investment into end-to-end support for exporters from the Northern Powerhouse, the Midlands Engine and the Western Gateway through dedicated local champions based at key overseas posts. (*Page 87, paragraph 2.166*)
- DIT will increase its capacity to support exporters focused on the Northern Powerhouse, the Midlands Engine and the South West by increasing the number of international trade advisers available to provide personalised support to exporters. (*Page 87, paragraph 2.167*)

LGA view:

- Councils and combined authorities work closely with sub-national trade and investment bodies where present to support local businesses to export and to attract inward investment. The announcement of further investment in these bodies is therefore encouraging, but it is important that every part of the country is able to access support for trade and inward investment. This should include the creation of new sub-national investment bodies, where appropriate.
- As the UK develops its renewed trading relationship with the world, the Government must recognise and harness the crucial role of councils and combined authorities, alongside these sub-national bodies, in driving trade and investment. It must provide clarity on the roles and responsibilities of different institutions involved in delivering trade and investment activity, with a presumption in favour of devolution to the appropriate spatial level.
- Much of the local and regional activity delivered to support business to export and encourage inward investment is held together by a balance of funding streams facing a significant degree of uncertainty. It is therefore essential that successor arrangements for these funding streams, including the UK Shared Prosperity Fund, place this activity on a secure and sustainable footing.

Review of the Green Book

The Chancellor announced that:

- The Government is also taking action to review the Green Book, which sets out how decisions on major investment programmes are appraised in order to make sure that government investment spreads opportunity across the UK. (*Page 4, Executive Summary*)
- The review of HM Treasury's Green Book will consider how the design and use of project appraisal affects the ability of all areas to achieve their economic potential. The review will enhance the strategic development and assessment of projects, consider how to assess and present local impacts and look to develop new analytical methods for transformative or place-based interventions. It will also consider how project approval decisions are being made and provide clearer guidance and support to practitioners. The

Government will work with users, academics and others, and a revised Green Book will be published alongside the CSR (Comprehensive Spending Review).
(Page 31/32, paragraph 1.57)

LGA view:

- Several councils have been calling for a review of the Green Book, its methodology and how it impacts on investment decisions. They will welcome the Government's decision to review it. The Government needs to engage with local authorities as well as the LGA on this review.
(Page 40, paragraph 1.101)

UK Shared Prosperity Fund (UKSPF)

The Chancellor announced that:

- The UKSPF will replace the overly-bureaucratic EU structural funds, levelling up opportunity in each of the four nations of the country. Funding will be realigned to match domestic priorities, with a focus on investing in people. It will, at a minimum, match current levels of funding to each nation from EU structural funds. The Government will set out further plans for the Fund, including at the CSR. (Page 83, paragraph 2.125)

LGA view:

- The UKSPF (the Government's replacement of the European Structural and Investment Funds and its requisite match funding) should be locally driven, aligned to local priorities and democratically accountable.
- This can only be realised by granting councils and combined authorities, which have a democratic mandate to represent their communities, the opportunity to co-design UKSPF and ensure that future growth funding is more accessible, based on local need and distributed over the longer term.
- A Government consultation on the UKSPF detail was first promised in 2018 but there has still been no further detail. Clarity on the UKSPF and match funding streams from national government is now urgently needed, as this further delay risks creating a gap in funding between the end of EU structural funds and the commencement of the new UKSPF.

Culture

The Chancellor announced that:

- The Government confirms a £250 million Cultural Investment Fund for culture, heritage, local museums, and neighbourhood libraries. Of this, £90 million will be made available from April for a Cultural Development Fund that will support cultural regeneration proposals outside of London. (Page 76, paragraph 2.71)
- The Government is providing £27 million for critical maintenance work on the National Museums' estates. The Government understands the maintenance

challenges faced by the National Museums and will take further action to address these at the CSR. *(Page 76, paragraph 2.73)*

LGA view:

- The Government is right to recognise that culture is one of the key things that places need if they are to thrive. Every community should be able to easily access and benefit from high quality cultural and sporting organisations, including museums and libraries. However, many buildings are not well suited to the needs of modern communities and this funding will help libraries and museums to adapt, reach even wider audiences, and continue their roles at the heart of the community.
- We know there is more demand than will be met by the cultural investment fund, and we now need a commitment from Government for critical maintenance work on local museums, not just national ones.

Library Business and Intellectual Property Centres

The Chancellor announced that:

- The Government will invest £13 million to expand the British Library's network of Business and Intellectual Property Centres to 21 cities and 18 surrounding local library networks across England, providing entrepreneurs with business support, free access to market intelligence, IP workshops and one-to-one coaching. *(Page 55, paragraph 1.196)*

LGA view:

- This funding demonstrates that the Government has listened to our calls and recognised the vital role that libraries play in helping businesses to innovate and grow. The existing 14 Business and IP Centres, based in our excellent network of public libraries, have been hugely successful and their roll out to more areas will support entrepreneurship across the country and give many more people access to world class information and support.

Football Facilities

The Chancellor announced that:

- the Budget commits £8 million investment in local football facilities alongside matched funding from the Premier League and Football Association, providing quality football facilities in areas with the greatest need. *(Page 76, paragraph 2.74)*

LGA view:

- The announcement in relation to football facilities is positive, but further investment in local sports infrastructure is needed. Up to 63 per cent of sports halls and swimming pools are more than 10 years old and nearly a quarter of all sports halls and swimming pools have not been refurbished in more than 20 years.

- We have made the case for a £500 million funding pot for councils to redesign, upgrade and renovate facilities to the standard needed to support healthy, active communities and transform the nation's health and contribute to net zero carbon targets.

British Library at Leeds and Boston Spa

The Chancellor announced that:

- The Budget makes available up to £95 million for the British Library site at Boston Spa. This investment will underpin the Library's plans to open a major new site in the centre of Leeds, creating a new British Library of the North. The Government will provide a £25 million Heritage Fund to the West Yorkshire Combined Authority to support the Library in establishing this new site. *(Page 83, paragraph 2.124)*

LGA view:

- We welcome the continuing investment of cultural funding in local areas. This will be a positive boost for Leeds and West Yorkshire.

VAT on e-publications

The Chancellor announced that:

- the Government will introduce legislation to apply a zero rate of VAT to e-publications from 1 December 2020, to make it clear that e-books, e-newspapers, e-magazines and academic e-journals there are entitled to the same VAT treatment as their physical counterparts. *(Page 95, paragraph 2.233)*

LGA view:

- We are pleased to see e-publications being treated the same as their physical counterparts. This will be an important benefit to public libraries and support them to invest in and diversify their stock.

Physical and cultural activity in schools

The Chancellor announced that:

- to ensure that children get an active start in life, the Government will bring forward an updated School Sport and Activity Action Plan following the Comprehensive Spending Review. Ahead of that, the Budget provides £29 million a year by 2023-24 to support primary school PE teaching and help schools make best use of their sports facilities. *(Page 43, paragraph 1.115)*
- The Budget provides £90 million a year to introduce an Arts Premium from September 2021, averaging out as an extra £25,000 a year per secondary school for three years. *(Page 43, paragraph 1.116)*

LGA view:

- Councils play a key role in delivering physical and mental wellbeing support through sport and leisure facilities and their public health role and we would like to work with the Government to update the School Sport and Activity Plan. However, it is important that we do not forget about the settings outside of school facilities which children and young people access, especially those who are not in education or do not have positive experiences or associations with the school environment.
- We welcome the Government's focus on prioritising the arts, however, it is essential that this is also delivered outside of traditional school settings so that it reaches as many children and young people as possible. The use of the Arts Premium should also align as closely as possible with Arts Council England's new strategy.

Supporting the most vulnerable through the benefits system

The Chancellor announced that:

- This Government is ending the benefit freeze and increasing working age benefits by 1.7per cent from April 2020. *(Page 53, paragraph 1.180)*
- The Government will help ensure claimants can repay debts in a more sustainable and manageable way by reducing the maximum rate at which deductions can be made from a Universal Credit (UC) award from 30per cent to 25per cent of the standard allowance and giving claimants up to 24 months to repay advances. *(page 53, paragraph 1.180 and Page 70, paragraph 2.9)*
- The Budget provides further investment of up to £12 million per year in local authority resource to maximise their capacity to tackle Housing Benefit fraud and error. *(Page 70, paragraph 2.10)*

LGA view:

- We are pleased that the Government has recognised the financial pressures faced by many low-income UC claimants. However, we continue to call on government to strengthen the local safety net by better integrating Universal Credit and Job Centre support with the wide range of debt and financial inclusion support provided by councils and local partners.
- We are disappointed that the Government has not addressed the detrimental impact on households and councils resulting from the gap in Local Housing Allowance (LHA) rates that opened up while the benefit freeze was in place.
- Research conducted by the LGA showed that, on average, the LHA rate is now capped at just the thirteenth percentile of market rents. This leaves households and councils struggling to make up the shortfall and pushes up homelessness and housing support costs for councils.

- The Government should restore the LHA rate to at least the 30th percentile of market rents as part of a wider range of measures to sustainably address housing affordability.

Breathing space

The Chancellor announced that:

- The Government is committed to helping people in problem debt and, from early 2021, will introduce breathing space. This will provide a period of up to 60 days, where people in problem debt will be protected from enforcement action by their creditors and the charging of further interest and fees on their debts. This includes debts owed to central and local government. *(Page 52, paragraph 1.183)*

LGA view:

- It is vital that breathing space is implemented in the context of wider integrated work at both a national and local level to support households struggling with problem debt or facing financial hardship and exclusion. Councils must also be fully compensated for any new burdens.
- We will continue to identify and share good practice and develop local approaches through its work with councils and partners on reshaping financial support.
- We are pleased to be closely engaged in the Cabinet Office-led work on the cross-government debt strategy. We will continue to work closely with partners and stakeholders to develop improved approaches to debt recovery and financial support for vulnerable and low-income households.

Counter Terrorism

The Chancellor announced that:

- £114 million would be made available in 2020-21 for counter-terrorism, to maintain capability and officer numbers in the face of a changing terrorist threat. This includes an extra £83 million for counter-terrorism policing, in addition to the Government's police recruitment commitment, and £31 million for the UK Intelligence Community. *(Page 43, para 1.118, and page 72, para 2.32)*
- The Government will also provide an additional £67 million for the UK Intelligence Community which will enable them to develop further their world leading technological capabilities to protect the UK's security and help keep the country safe. *(Page 43, para 1.118, and page 72, para 2.33)*

LGA view:

- While continued investment in the police and intelligence services to tackle terrorism is welcome, councils play an important role alongside them in preventing extremists from radicalising what are often vulnerable people.

- The funding for Community Coordinators, who are employed by councils to undertake counter-extremism work at a local level, ceases at the end of this month. The Home Office needs to swiftly decide about the future funding of these posts, so that councils can continue their vital work to keep communities safe.
- The Home Office has also been funding the Special Interest Group on Countering Extremism, which has created a network for councils to share experiences and good practice in tackling extremists. The Home Office needs to make a decision on its continued funding before the end of the month, so that councils can continue to improve their important work in this area.

Alcohol duties

The Chancellor announced that:

- Duty rates on beer, spirits, wine and cider will be frozen. (*Page 96, paragraph 2.242*)
- The Government recognises the complexity of the current alcohol duty system and will review potential reforms to be implemented after the EU-exit transition period, beginning by publishing a call for evidence by the summer (*Page 96, paragraph 2.243*)

LGA view:

- It is positive that the Government intends to review the existing alcohol duty system following the UK's exit from the EU.
- The LGA has previously called on the Government to use the duty to system to incentivise the development of lower strength alcohol products, and we look forward to engaging with the Government's call for evidence on this issue.

Preventing the illicit trade of tobacco

The Chancellor announced that:

- The Government is increasing resources for Trading Standards and HMRC to combat the illicit tobacco trade, including the creation of a UK-wide HMRC intelligence sharing hub and a consultation on proposals for stronger penalties for tobacco tax evasion (*Page 96, paragraph 2.248*)

LGA view:

- The supply and sale of illicit tobacco undermines people's efforts to quit smoking by making cigarettes available more cheaply and brings organised crime into the heart of local communities.
- Local trading standards services play a crucial role in disrupting the sale and supply of illicit tobacco, but the service's capacity has reduced significantly in

recent years. We are therefore pleased that the Government has announced additional funding to support their work on this issue and intends to create an intelligence sharing hub on this.

- The penalties issued in relation to the sale of illicit tobacco do not always provide a sufficient deterrent to prevent retailers from repeating the offence. It is positive that the Government intends to consult on strengthening penalties for tobacco tax evasion, and the review should include a comprehensive look at the penalties applying to tax evasion and sale of illicit tobacco.

Economic crime levy

The Chancellor announced that:

- The Government intends to introduce a levy on firms subject to the Money Laundering Regulations to help fund new government action to tackle money laundering and ensure delivery of the reforms committed to in the Economic Crime Plan. (*Page 73, paragraph 2.43*)

LGA view:

- Local trading standards services make a significant contribution to tackling fraud and economic crime. Councils' access to Suspicious Activity Reports (SARs) is an important tool in this work, and the Government should consider using the new levy to help fund access to SARs by organisations that have a role to play in tackling economic crime.

Pensions Tax

The Chancellor announced that:

- Those earning around or below the level of the personal allowance and saving into a pension may benefit from a top-up on their pension savings equivalent to the basic rate of tax, even if they pay no tax. Whether they receive this top-up depends on how their pension scheme administers tax relief. The Government has committed to reviewing options for addressing these differences and will shortly publish a call for evidence on pensions tax relief administration. (*Page 89, paragraph 2.182*)
- The pensions annual allowance is the maximum amount of tax-relieved pension savings that can be accrued in a year. For those on the highest incomes, the annual allowance tapers down from £40,000. HM Treasury has reviewed the tapered annual allowance and its impact on the NHS, as well as on public service delivery more widely. (*Page 89, paragraph 2.183*)
- To support the delivery of public services, particularly in the NHS, the two tapered annual allowance thresholds will each be raised by £90,000. This means that from 2020-21 the "threshold income" will be £200,000, so individuals with income below this level will not be affected by the tapered annual allowance, and the annual allowance will only begin to taper down for individuals

who also have an “adjusted income” above £240,000. *(Page 89, paragraph 2.184)*

- For those on the very highest incomes, the minimum level to which the annual allowance can taper down will reduce from £10,000 to £4,000 from April 2020. This reduction will only affect individuals with total income (including pension accrual) over £300,000. Proposals to offer greater pay in lieu of pensions for senior clinicians in the NHS pension scheme will not be taken forward. *(Page 89, paragraph 2.185)*
- The lifetime allowance, the maximum amount someone can accrue in a registered pension scheme in a tax-efficient manner over their lifetime, will increase in line with CPI for 2020-21, rising to £1,073,100. *(Page 89, paragraph 2.186)*

LGA view:

- The LGA will play a full part in the call for evidence on pensions tax relief to help ensure that all members of the local government pension scheme are treated equally regardless of their earnings.
- The announcement on the pensions annual allowance is a helpful way forward but does not address the fundamental concerns that we, and others in the pensions community, have expressed to government about the disproportionate impact the tax allowance regime has on public sector workforces and their employees. The LGA will continue their discussions with government and other stakeholders to reach an equitable solution.

Better use of economic data

The Chancellor announced that:

- Improving methods for monitoring the economy has never been more important. The Budget announces a new fund of up to £5 million per year, to support the development of new economic data and its more innovative use. *(Page 85, paragraph 2.151)*

LGA view:

- We welcome funding for improvements to economic data which means it can be used more effectively by local authorities who as leaders of place have a key role in driving economic growth. Councils should be involved in developing and defining the data, to ensure it is useful to authorities.

Conditionality: Hidden economy

The Chancellor announced that:

- The Government will legislate in Finance Bill 2020-21 to make the renewal of licenses to drive taxis and private hire vehicles (PHVs, e.g. minicabs), operate PHV firms, and deal in scrap metal conditional on applicants completing checks that confirm they are appropriately registered for tax. This measure will make it

more difficult for non-compliant traders to operate in the hidden economy and help level the playing field for the compliant majority. (*Page 97, paragraph 2.252*)

LGA view:

- The LGA supports the Government's focus on preventing businesses from entering the hidden economy. Introducing tax registration as a condition of access to some business licences or permits is equivalent to other checks (for example, Disclosure and Barring Service checks or right to work checks) and therefore can in principle be incorporated into local government licensing processes.
- However, it will be important that any proposals do not duplicate information about licence holders that government already collects through returns such as the National Fraud Initiative.
- Equally, any changes must not shift the burden of checks and investigation from HMRC to licensing authorities. Instead, any new rules should enable licensing authorities to undertake a simple check on an applicant's tax status, with cases referred to HMRC in the event of any discrepancies.
- Any new burdens arising from this announcement should be fully funded.

Skills

The Chancellor announced that:

- The Government has committed to a new £2.5 billion (£3 billion inclusive of indicative Barnett consequential) National Skills Fund to improve the technical skills of adults across the country. (*Page 48, paragraph 1.149*)
- The Government will consult widely in the spring on how to target this fund most effectively, before confirming details at the CSR. The Government wants to hear directly from people and employers across England to understand what works in the current system and what does not, and to ensure that the fund is focused on helping people gain the skills they need for rewarding, well-paid jobs. (*Page 48, paragraph 1.150*)
- More broadly, the Government wants to facilitate two culture changes with this fund: for individuals to be able to train and retrain over the course of their lifetimes; and for employers and the Government to increase investment and fill the skills gaps that hold back productivity at a local, regional and national level. (*Page 48, paragraph 1.151*)
- The Government will look at how to improve the working of the Apprenticeship Levy, to support large and small employers in meeting the long-term skills needs of the economy. (*Page 74, paragraph 2.50*)
- The Government will ensure that sufficient funding is made available in 2020-21 to support an increase in the number of new high-quality apprenticeships in small and medium-sized businesses. (*Page 74, paragraph 2.51*)

LGA view:

- It is good news that the Government will consult on the National Skills Fund. It must be co-designed with local government and industry so we can meet the skills needs of employers' in areas or sectors which are unlikely to be met by the current workforce.
- There is a missed opportunity to restore the vital Adult Education Budget (AEB) to 2010 levels and devolve it to councils and combined authorities. A properly funded AEB alongside the National Skills Fund and as part of [wider skills system reform](#) would support adults to progress into further learning and their careers.
- The announcement of the Apprenticeship Levy review and funding for small and medium-sized businesses is positive. It is important that the apprenticeships system remains sustainable and responsive to employers' needs and that any review does not lead to restrictions on what levy payers can spend their levy funds on. A more flexible system is needed and we will be urging the Government to adopt [our recommendations for reform](#).

Local Growth Fund

The Chancellor announced that:

- Decisions on the future of the Local Growth Fund will be made at the CSR. In advance of this, the Budget confirms up to £387 million in 2021-22 to provide certainty for local areas that they will be able to continue with existing priority Local Growth Fund projects that require funding beyond this year. (*Page 83, paragraph 2.121*)

LGA view:

- The announcement of up to £387 million for existing priority Local Growth Fund projects provides a level of short-term certainty for key local projects.
- In advance of the CSR, government should work with councils and combined authorities to co-design the future of the Local Growth Fund, as well as other growth funds, including the UK Shared Prosperity Fund. This will help make growth funding more accessible, democratic and aligned to local priorities, while maximising the opportunities of the fund to bring prosperity, clean growth and inclusive economies to all parts of the country.

APPENDIX A. Public expenditure, revenue and deficit forecasts

Total managed expenditure

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£ billion					
Current expenditure						
Resource Annually Managed Expenditure (AME)	426.5	421.6	433.5	443.4	453.2	464.7
Resource Departmental Expenditure Limit (DEL), excl. depreciation	330.4	360.6	384.6	400.7	417.6	435.5
Ring-fenced depreciation	30.8	33.6	35.9	37.4	39.0	40.6
Total public sector current expenditure	787.7	815.8	854.1	881.5	909.9	940.8
Capital expenditure						
Capital AME	33.6	30.4	26.6	26.9	28.5	29.2
Capital DEL excluding financial transactions	65.5	81.6	96.7	102.3	106.5	110.2
Total public sector gross investment	99.1	111.9	123.3	129.2	135.0	139.4
Total managed expenditure (TME)	886.8	927.7	977.4	1,010.7	1,044.9	1,080.2
<i>TME per cent of GDP</i>	<i>39.8per cent</i>	<i>40.3per cent</i>	<i>40.8per cent</i>	<i>40.8per cent</i>	<i>40.8per cent</i>	<i>40.7per cent</i>

(Page 33, table 1.11)

Changes to public sector net borrowing

	Outturn 2018/19	Forecast					
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
£ billion							
Restated March 2019 forecast	41.0	47.6	40.2	37.6	35.4	33.3	
March 2020 forecast	38.4	47.4	54.8	66.7	61.5	60.2	57.9
Change	-2.5	-0.2	14.6	29.1	26.0	26.9	
Underlying revisions	-2.5	0.4	2.3	5.1	3.6	1.5	
<i>of which</i>							
<i>Receipts</i>	-3.3	-4.9	1.0	3.5	4.1	3.5	
<i>Debt interest</i>	0.5	-2.0	-6.7	-6.6	-7.7	-8.5	
<i>Other spending</i>	0.3	7.3	7.9	8.2	7.1	6.5	
Total effect of Government decisions		-0.6	12.3	24.0	22.5	25.4	29.1
<i>of which</i>							
<i>Current departmental spending</i>		2.9	15.2	27.0	31.2	34.9	38.9
<i>Capital departmental spending</i>		-0.5	5.7	13.4	15.4	16.1	16.7
<i>Use of direct Brexit fiscal savings</i>		0.0	-4.3	-5.0	-7.1	-11.3	-14.6
<i>Receipts measures</i>		-1.0	-2.0	-4.6	-8.0	-8.6	-8.5
<i>Other spending measures</i>		-2.1	1.1	0.3	0.7	2.6	3.9
Indirect effects of Government decisions		0.0	-3.3	-7.1	-9.7	-8.4	-7.2
<i>of which</i>							
<i>Due to tax and spending measures</i>		0.0	-3.4	-7.2	-9.7	-8.3	-7.0
<i>Raising the National Living Wage</i>		0.0	0.0	-0.3	-0.6	-0.9	-1.2
<i>New migration regime</i>		0.0	0.0	0.3	0.5	0.8	1.0
Memo: March 2020 pre-measures forecast	38.4	48.1	42.5	42.7	39.0	34.9	28.8

(Page 113, table C.4)