Local Government Association

2022 Autumn Statement Briefing

17 November 2022

The 2022 Autumn Statement outlines the Government's spending plans by setting budgets for each central government department. The full set of documents is available on the Treasury website.

The LGA has published a media statement responding to the announcements.

Key messages

- Local government is the fabric of the country, as has been proved in the recent challenging years we have faced as a nation. It is good that the Chancellor has used the Autumn Statement to act on the LGA's call to save local services from spiralling inflation, demand, and cost pressures. While the financial outlook for councils is better than we feared for next year, councils recognise it will be residents and businesses who will be asked to pay more.

- The Government is giving local authorities in England additional flexibility to set council tax by increasing the referendum limit to 3 per cent per year from April 2023. It is also giving local authorities with social care responsibilities the ability to increase the adult social care precept by up to 2 per cent per year. However, we have been clear that council tax has never been the solution to meeting the long-term pressures facing essential public services. This is particularly the case for high-demand national services like adult social care, child protection and homelessness prevention. It also raises different amounts of money in different parts of the country unrelated to need and adds to the financial burden facing households.

- It is positive that the Government has provided assurance that local authorities will be fully compensated for the business rates measures laid out in the statement and that this will include the funding of new burdens for any administrative expenses or software changes. However, freezing the business rates multiplier also removes buoyancy from the business rates system and without alternative means of funding council income would reduce

- We are pleased that the Government will provide extra funding for adult social care and accepted the LGA's ask for funding allocated towards reforms to be made available to address inflationary pressures, with flexibility for councils to use the funding across adults and children's services according to local needs. Councils have always supported the principle of adult social care reforms, but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures. The Government needs to use the delay to reforms learn from the trailblazers to ensure that funding and support is in place for councils and providers to ensure they can be implemented successfully.

Briefing

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- We welcome the additional £4.6 billion in school funding for 2023/24 and 2024/25, which will help provide a good education for all pupils at a time when schools are struggling with rising energy and food bills, alongside the need to fund agreed pay rises, including for teachers. It is vital that a significant part of this additional funding is allocated to councils to support children and young people with Special Educational Needs and Disabilities (SEND).

- The revised social rent cap is higher than anticipated next year but councils will still have to cope with the additional financial burdens as result of lost income. Councils support moves to keep rents as low as possible but this will have an impact on councils' ability to build the homes our communities desperately need - which is one of the best ways to boost growth – as well as to maintain existing housing stock and retrofit energy efficiency measures to keep our residents warm with lower energy bills and to help the Government meet net zero goals.

- It is positive to see progress on new devolution deals in Suffolk, Norfolk, Cornwall and the North East. These deals will give greater powers, freedoms and funding to those local communities. Devolution now needs to be extended further, faster and to more places. We encourage the Government to press ahead with the next wave of deals as soon as possible so that every area of England can secure the devolution deal which works for them and their residents by the end of decade. It is also welcome that Government is exploring a single department-type settlement to areas with trailblazer deals. Devolution offers the best value for public money and is the right response to fiscal constraints. However, it is important that councils of all sizes are engaged in the devolution process.

- The continued commitment to levelling up through the Levelling Up Fund is welcome, as it places councils at the heart of delivery, recognising that local leaders are best placed to respond to the needs of local communities. However, we remain concerned about the competitive nature of the fund. LGA research estimated that the average cost to councils in pursuing each competitive grant was in the region of £30,000 – money that could instead be spent on tackling the cost-of-living crisis and driving growth in their areas.

- The LGA is pleased that the Government has committed to providing additional targeted cost of living payments for households that are in receipt of a means-tested benefit, over state-pension age, or claiming a disability benefit.

- The LGA also welcomes additional certainty on the Energy Price Guarantee and we are pleased to see £1 billion will be provided to enable the extension of the Household Support Fund in England over 2023/24. However, the only way to reduce energy costs in the long run is to reduce energy demand through increased investment in energy efficiency.

- The LGA welcomes the increase in the National Living Wage (NLW) but is clear that local authorities need to be sufficiently funded in order to meet the additional costs without cutting jobs or services. The Low Pay Commission forecasts indicate that there could be an increase of 8.93 per cent in the NLW in 2023/24, this will put significant additional pressure on councils' budgets and we are calling on the Government to ensure this is reflected in the forthcoming Financial Settlement.

- Councils want to work with central government to develop a long-term strategy to deliver critical local services and growth more effectively. Alongside certainty of funding and greater investment, this also needs wider devolution where local leaders have greater freedom from central government to take decisions on how to provide vital services in their communities.

Autumn Statement in detail

Public finances and general funding for local government

The Chancellor announced that:

- Departmental expenditure limit (DEL) budgets will be maintained at least in line with the budgets set out at the Spending review *(Page 19, paragraph 2.21)*

- At Spending Review 2021, departments were also provided with funding to cover employer costs of the Health and Social Care Levy. As the Levy is no longer being introduced as a separate tax from April 2023 and departments will not face these additional costs, their budgets have been adjusted to remove this compensation. *(Page 19, paragraph 2.22)*

- To keep spending focused on the government's priorities and help manage pressures from higher inflation, government departments will continue to identify efficiency savings in day-today budgets. To support departments to do this, the government is launching an Efficiency and Savings Review. This will include reprioritising spending away from lower-value and low-priority programmes, and reviewing the effectiveness of public bodies. *(Page 19, paragraph 2.23)*

- The government is prioritising further funding to support the healthcare system and schools. As a result of this targeted additional funding, total departmental spending (total DEL) will grow in real terms at 3.7% a year on average over this Spending Review period. *(Page 19, paragraph 2.25)*

- After this Spending Review period, departmental resource spending will grow at 1% a year in real terms. Departmental capital spending will continue at the same level in cash terms. As a result, total departmental spending will be over £90 billion higher in real terms by 2027-28 than it was at the start of this parliament (2019-20). DEL budgets beyond 2024-25 will be set at the next Spending Review. *(Page 23, paragraph 2.27)*

- The government's focus is on protecting vital public services, prioritising the needs of low-income households and levelling up the country. *(Page 26, paragraph 2.33)*

- The government will make available up to £2.8 billion in 2023-2024 in England and £4.7 billion in 2024-2025 to help support adult social care and discharge. This includes £1 billion of new grant funding in 2023-24 and £1.7 billion in 2024-25, further flexibility for local authorities on council tax and, having heard the concerns of local government, delaying the rollout of adult social care charging reform from October 2023 to October 2025. *(Page 26 and 27, paragraph 2.38)*

- £600 million will be distributed in 2023-24 and £1 billion in 2024-25 through the Better Care Fund to get people out of hospital on time into care settings, freeing up NHS beds for those that need them Autumn Statement 2022 27
- £1.3 billion in 2023-24 and £1.9 billion in 2024-25 will be distributed to local authorities through the Social Care Grant for adult and children's social care
- £400 million in 2023-24 and £680 million in 2024-25 will be distributed through a grant ringfenced for adult social care which will also help to support discharge

LGA view

- In summary, this announcement means that the funding freed up by the delay to charging reforms will be available to support and children's services. This amounts to £1.3 billion in 2022/23 and £1.9 billion in 2023/24. In addition, there is new grant funding of £1 billion in 2022/23 and £1.7 billion in 2023/24, which will be partly be allocated via the Better Care Fund and partly direct to councils. Councils will have the option to raise the social care precept by up to 2 per cent instead of the previous limit of 1 per cent. Each 1 per cent raises around £300 million nationally.

- The LGA welcomes the Government's decision to use the Autumn Statement to act on the LGA's call to save local services from spiralling inflation, demand, and cost pressures.

- While the financial outlook for councils is not as bad as feared next year, councils recognise it will be residents and businesses who will be asked to pay more. We have been clear that council tax has never been the solution to meeting the long-term pressures facing services, particularly high-demand services like adult social care, child protection and homelessness prevention. It also raises different amounts of money in different parts of the country unrelated to need and adding to the financial burden facing households.

- We are pleased that government will provide of £2.7 billion of funding for adult and children's social care and accepted our ask for funding allocated towards reforms to available to address inflationary pressures.

- Councils need information as soon as possible on how the additional resources, as well as those identified in the 2021 Spending Review, will be allocated to councils as well as confirmation on a number of local government finance reforms so that they can plan their budgets for 2023/24 and 2024/25. Councils can only make decisions which provide better value for money for the taxpayer, by making longer term decisions, if they have longer term certainty over funding.

- We will be seeking further details of the Efficiency and Savings Review from the Government and discussing how it will impact on local government.

- Sector led improvement provides high value support to council's priorities and challenges and supports delivery of efficiencies and savings. Councils should continue to be able to access support to meet these priorities.

Council Tax

The Chancellor announced that:

The Government is giving local authorities in England additional flexibility in setting council tax by increasing the referendum limit for increases in council tax to 3% per year from April 2023. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. This will give local authorities greater flexibility to set council tax levels based on the needs, resources and priorities of their area, including adult social care. *(Page 51, paragraph 5.25)*

LGA view

- No national tax is subject to referenda. We have always pressed for more flexibility to set council tax levels and removal of the referendum limit when the time is right, with residents able to democratically hold their council to account through the ballot box.

- However, council tax increases are not the long-term solution to the financial challenges facing local government, particularly during a cost-of-living crisis. Councils are keenly aware that council tax increases add an extra financial burden on already struggling households. In addition, it raises different amounts of money in different parts of the country unrelated to need and it would fall short of the sustainable long-term funding that is needed.

Business Rates

The Chancellor announced that:

- From 1 April 2023, business rate bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of targeted support worth £13.6 billion over the next 5 years will support businesses as they transition to their new bills, protect businesses from the full impact of inflation, and support our high streets. 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 54, paragraph 5.45)*
- The business rates multipliers will be frozen in 2023-24 at 49.9 pence and 51.2 pence, preventing them from increasing to 52.9 pence and 54.2 pence. This is a tax cut worth £9.3 billion over the next five years. This will support all ratepayers, large and small, and mean bills are 6% lower than without the freeze, before any reliefs are applied. *(Page 54, paragraph 5.46)*
- Upwards Transitional Relief will support properties by capping bill increases caused by changes in rateable values at the 2023 revaluation. This £1.6 billion of support will be funded by the Exchequer rather than by limiting bill decreases, as at previous revaluations. The 'upward caps' will be 5%, 15% and 30%, respectively, for small, medium, and large properties in 2023-24, and will be applied before any other reliefs or supplements. This delivers significant reform to the business rates system and responds to a key stakeholder ask. The 300,000 properties with falls in rateable values will see the full benefit of that reduction in their new business rates bill from April 2023. Over the life of the 3-year list the

scheme will support around 700,000 ratepayers. *(Page 54, paragraph 5.47)*

- Support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief up to £110,000 per business in 2023-24. Around 230,000 RHL properties will be eligible to receive this increased support worth £2.1 billion. *(Page 54, paragraph 5.48)*

- Bill increases for the smallest businesses losing eligibility or seeing reductions in Small Business Rates Relief (SBRR) or Rural Rate Relief (RRR) will be capped at £600 per year from 1 April 2023. This is support worth over £500 million over the next 3 years and will protect over 80,000 small businesses who are losing some or all eligibility for relief. This means no small business losing eligibility for SBRR or RRR will see a bill increase of more than £50 per month in 2023-24. *(Page 54, paragraph 5.49)*

- At Autumn Budget 2021 the Government announced a new improvement relief to ensure ratepayers do not see an increase in their rates for 12 months as a result of making qualifying improvements to a property they occupy. This will now be introduced from April 2024. This relief will be available until 2028, at which point the Government will review the measure. *(Page 54, paragraph 5.50)*

LGA View

- The LGA welcomes these measures as they will provide support to a range of businesses affected by the cost of living crisis and the 2023 revaluation. 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 or software changes. We call on the Government to clarify that this compensation will include continuing to pay a grant for under-indexation of the business rates multiplier and whether this will be paid to RPI (Retail Prices Index) or CPI (Consumer Prices Index).

- However, freezing the business rates multiplier also removes buoyancy from the business rates system and without alternative means of funding council income would reduce.

- We also call on the Government to publish the calculations on which the draft multiplier for 2023/24 is based.

- The Government has confirmed that the Improvement Relief will now be introduced in April 2024 and not April 2023 as previously announced. This requires primary legislation and we look forward to the Government clarifying when it will introduce the Non-Domestic Rating Bill, which was announced in May 2022.

- The extension and increase in the Business rates for Retail, Hospitality and Leisure sector is welcome and we await further detail as to how this will impact the sector. However, this alone will not be sufficient to stabilise culture and leisure operators who are facing an unprecedented challenge from the energy and cost of living crisis.

- The Government should clarify that the Non-Domestic Rating Bill will introduce other measures that were previously announced including compliance measures such as a new ‘duty to notify’ changes to the Valuation Office Agency (VOA). The Bill should also include measures for information to be provided to billing authorities relating for example, to determining liability and eligibility for reliefs. These would help tackle avoidance and could be on the lines of those introduced in Wales and Scotland.

Online Sales Tax

The Chancellor announced that:

- Following consultation, the Government has decided not to introduce an online sales tax (OST), an idea put forward by certain stakeholders in the context of Business Rates reform. The Government’s decision reflects concerns raised about an OST’s complexity and the risk of creating unintended distortion or unfair outcomes between different business models. A response to the OST consultation will be published shortly. *(Page 54, paragraph 5.44)*

LGA View

- We are disappointed that the Government has decided not to introduce an online sales tax. In our response to the 2022 consultation, we supported the introduction of an online sales tax, particularly as it would help to spread the range of the taxbase for business taxes. However, this should not be at the expense of business rates income.

Adult social care

The Chancellor announced that:

- The NHS performance also relies on the adult social care system, so the Government will make available up to £2.8 billion in 2023/24 in England and £4.7 billion in 2024/25 to help support adult social care and discharge. This includes £1 billion of new grant funding in 2023/24 and £1.7 billion in 2024/25, further flexibility for local authorities on council tax and, having heard the concerns of local government, delaying the rollout of adult social care charging reform from October 2023 to October 2025. *(Page 26, paragraph 2.38)*

- Local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year. *(Page 51, paragraph 5.25)*

LGA view

- In summary, this announcement means that the funding freed up by the delay to charging reforms will be available to support and children's services. This amounts to £1.3 billion in 2022/23 and £1.9 billion in 2023/24. In addition, there is new grant funding of £1 billion in 2022/23 and £1.7 billion in 2023/24, which will be partly be allocated via the Better Care Fund and partly direct to councils. Councils will have the option to raise the social care precept by up to 2 per cent instead of the previous limit of 1 per cent. Each 1 per cent raises around £300 million nationally.

- We are pleased that the Government will provide extra funding for adult social care and accepted our ask for funding allocated towards reforms to still be available to address inflationary pressures for both councils and social care providers. Councils have always supported the principle of adult social care reforms and want to deliver them effectively but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures. The Government needs to use the delay to reforms learn from the trailblazers to ensure that the appropriate funding and support is in place for councils and providers to ensure they can be implemented successfully.

- Although the additional funding to adult social care is welcome, it falls significantly short of the £13 billion we have called for to address the severity of the pressure facing the service, including rising demand, and ensure councils can meet all of their statutory duties under the Care Act. This includes £3 billion towards tackling significant recruitment and retention problems by inceasing care worker pay. An investment of this scale is needed to support our national infrastructure, our economy and our prosperity. People who draw on social care and support will remain concerned about the services they access to live the lives they want to lead.

- It is disappointing that the Government has continued to rely on council tax and the social care precept as part of its package to increase funding for adult social care. As we have previously stated, council tax is not the solution for meeting long-term pressures facing high-demand national services such as adult social care. Council tax raises revenue not necessarily aligned to need, leaving many councils struggling to raise the funds that they need locally.

- Part of the additional funding for adult social care will be routed through the Better Care Fund (BCF) and we welcome the Government's commitment to continuing this support. This will give social care and health partners much-needed medium-term certainty on funding. The purpose of the BCF is not limited to freeing up hospital beds; it supports people through adult social care to remain independent and in their own homes, helping to prevent admission to hospital in the first place. It is important that the Government works with the LGA and NHS England to agree the BCF policy framework well in advance of March 2023 to ensure that local care and health leaders are able to agree their local BCF plans in good time.

- We look forward to further details on the purpose of the Social Care Grant. We urge the Government to give local leaders the freedom and flexibility to allocate the funding according to local priorities and challenges.

- We note the Government's decision to delay charging reform for two years and welcome the move to reinvest earmarked reform funding back into social care services, which we had previously called for. The LGA had proposed a short deferral to charging reform to ensure the learning from the Trailblazer sites was fully incorporated into the Government's thinking and future funding plans. The Government will need to bring forward sufficient funding to implement the reforms in time for the deferred implementation.

- Councils, along with the rest of the social care sector, have undertaken valuable work in recent months to prepare for the reforms going live and this learning should not be lost simply because the reforms are delayed. The Government needs to continue to fund and support councils on this wider learning as it has the potential to improve efficiency, productivity and innovation. We are keen to avoid a delay to charging reform meaning a cessation of the important work councils have begun in using technology to help bring about productivity and efficiency benefits.

Public health

The Chancellor announced that:

- The Government is investing an additional £3.3 billion in each of 2023-24 and 2024- 25 to support the NHS in England, enabling rapid action to improve emergency, elective and primary care performance towards pre-pandemic levels. (*Page 26, paragraph 2.34*). However, no announcement was made on any similar increase to public health funding

LGA view

- We are disappointed that there is no commitment to recognising the need to support public health services in a similar way to the NHS. The public health grant has been reduced by 24 per cent in real terms per capita since 2015/16, equivalent to a total reduction of £1 billion. Inflation is reducing the value of the grant further still.

- Failure to provide sustainable long-term funding for public health may force councils to make significant cuts to services next April, including drug and alcohol treatment, sexual and reproductive health, health visiting, school nursing, suicide prevention and health protection. We need a clear long-term plan which recognises the public health challenges we face as a country, addresses the current and future pressures on the public health workforce and recognises the interconnectedness with other parts of the health and care system.

- The pandemic laid bare the importance of public health investment, yet the cuts to funding undermine efforts to prepare for the next major public health threat and desires to improve prevention to reduce pressures on the NHS and social care. It is a false economy to continue to underfund public health services, given their role in increasing years of healthy life, tackling the growing burden of chronic diseases, supporting people get back into employment and preventing future pressure on health and care services.

Health and care workforce

The Chancellor announced that:

- The Government will continue with the New Hospital Programme to deliver healthcare more efficiently, and will introduce measures to support and grow the workforce and improve performance across the health system, including:

- ensuring the NHS has the workforce it needs for the future, including publishing a comprehensive workforce plan next year. This will include independently verified forecasts for the number of doctors, nurses and other professionals that will be needed in 5, 10 and 15 years' time, taking full account of improvements in retention and productivity

- further measures to support greater local decision making and freedom for healthcare professionals to do their job. This will include commissioning an independent review by Patricia Hewitt into how best the new Integrated Care Boards can work with appropriate autonomy and accountability. *(Page 26, paragraph 2.37)*

LGA view

- We welcome the development of a comprehensive workforce plan, but this must extend to the non-NHS health workforce commissioned or directly employed by local councils. It must also extend to the adult social care workforce and those in the community and voluntary sector without whose support the NHS would not be able to operate. The Government has previously announced £500 million for measures to support the adult social care workforce; further detail on this is needed to ensure the Government is joining up on its various workforce commitments.

- We welcome the independent review by Patricia Hewitt but would urge the Government to include Integrated Care Partnerships (ICPs) in the review's scope. ICPs are an equally important component of Integrated Care Systems.

- The LGA is committed to working with Government and NHS England to ensure that the review includes local government as equal partners. It will be important for the review to consider how Integrated Care Boards and Integrated Care Partnerships are accountable to their local communities. The LGA fully supports local government and NHS leaders in integrated care systems having autonomy to focus on the biggest challenges for their systems.

Education and SEND

The Chancellor announced that:

- The Government has decided to increase the core schools budget by £2.3 billion in 2023-24 and a further £2.3 billion in 2024-25. After adjusting Spending Review 2021 budgets down to account for the removal of the compensation for employer costs of the Health and Social Care Levy, this brings the core schools budget to a total of £58.8 billion in 2024-25, £2 billion greater than published at Spending Review 2021. *(Page 56, paragraph 5.63)*

LGA view

- We welcome the additional £4.6 billion in school funding for 2023/24 and 2024/25, which will help provide a good education for all pupils at a time when schools are struggling with rising energy and food bills, alongside the need to fund agreed pay rises, including for teachers.

- However it is vital that a significant part of this additional funding is allocated to councils to support children and young people with Special Educational Needs and Disabilities (SEND). A total of 473,000 children and young people are now in receipt of an Education, Health and Care Plan (EHCP), an increase of 10 per cent or 42,000 over the previous 12 months alone. Council Dedicated Schools Grant deficits stand at an estimated £1.9 billion, a figure that could rise to £3.6 billion by 2025.

Asylum and refugees

The Chancellor announced that:

- Over the past 12 months the Government has acted decisively and compassionately to support the people of Ukraine and Afghanistan to escape oppression and conflict and find refuge in the UK. The government is providing additional resources of £1 billion in 2022-24 and £1.5 billion in 2023-24 to help meet the significant and unanticipated costs which have been incurred. ***(****Page 29, Paragraph 2.54)*

LGA view

- This announcement does nothing to address councils' very significant and urgent concerns about the operation of the asylum system which is impacting on local services and communities.

- We look forward to seeing the detail of how this funding will be used, and look for reassurance that it will pay for the ongoing support which councils are providing to refugees in their areas through the various schemes. We are keen to work with government on both key current issues and a long-term strategy for all programmes that welcome new arrivals to the UK. This should include a focus on securing housing and avoiding homelessness, alongside early confirmation of future funding for councils for their crucial role in helping people build new lives in their new communities.

Children's social care

The Chancellor announced that:

- £1.3 billion in 2023-24 and £1.9 billion in 2024-25 will be distributed to local authorities through the Social Care Grant for adult and children's social care. *(Page 27, paragraph 2.38)*

LGA view

- Figures this week show that the number of children in care has again reached record highs, so this additional investment in children's social care is very welcome. However, given ongoing pressure on both adult and children's social care, we need to continue working with Government towards a sustainable funding solution.

- We know that reforming children's social care to ensure the best possible support for all children and families will require further investment, particularly to enhance earlier support for families, and look forward to the publication of the implementation plan for the Independent Review of Children's Social Care.

Social Housing Rent Cap

The Chancellor announced that:

- The Government is also supporting people in social housing in England with the cost of living by limiting the increase in their rents. Under current rules, rents could have risen by up to 11.1% – but now they will only be able to rise by a maximum of 7% in 2023-24. This will save the average tenant in the social rented sector £200 next year and will generate an overall saving to government of around £630 million over 5 years. *(Page 28, paragraph 2.50)*

LGA view

- It is our view that decisions on social rent setting should remain with councils. This is vital to ensure that the variation in cost pressures at different councils can be taken into account at local level and councils can determine the minimum rent increase necessary to meet committed expenditure requirements.

- Councils recognise the pressures on tenants, which is exacerbated by the rising cost of living and inflation and therefore support moves to keep rents as low as possible.

- The revised social rent cap of 7 per cent for 2023/24 is higher than the Government's preferred option of 5 per cent in its recent consultation.

- Councils will still have to cope with the additional financial costs. LGA-commissioned research indicated that a 7 per cent cap over one year will amount to a resource gap of £321 million, with a cumulative loss of resources of £664 million in the second year.

- The lost income will have an impact on the ability of councils to build the homes our communities desperately need - which is one of the best ways to boost growth – deliver key maintenance and improvement works as well as retrofit existing stock in pursuit of net zero goals and more energy efficient homes.

- We want to work with the Government on a suitable mechanism to mitigate for the shortfall in local authority income from the lower rent ceiling.

Devolution and Levelling Up

The Chancellor announced that:

- The Government remains committed to levelling up and spreading opportunity across all areas of the UK. To support this, the Autumn Statement confirms that the second round of the Levelling Up Fund will allocate at least £1.7 billion to priority local infrastructure projects. Successful bids will be announced before the end of the year. *(Page 33, paragraph 3.21)*

- The Government also remains committed to giving more local areas greater power to drive local growth and tackle local challenges. This includes delivering the commitment to agree devolution deals with all areas in England that want one by 2030. Building on other devolution deals agreed this year, the Government has agreed a further mayoral devolution deal with Suffolk County Council and is in advanced discussions on mayoral devolution deals with local authorities in Cornwall, Norfolk and the North East of England. Taken together, these deals will increase the proportion of people living under a directly elected mayor with devolved powers in England to over 50 per cent. *(Page 33, paragraph 3.22)*

- The Government will deliver the Levelling Up White Paper commitment to sign new ‘trailblazer’ devolution deals with Greater Manchester and the West Midlands Combined Authorities by early 2023. The Government is in discussion with the mayors of these areas to devolve powers to deliver levelling up in areas such as skills, transport and housing. These ‘trailblazer’ deals will act as a blueprint for other areas to follow. *(Page 34, paragraph 3.23)*

- As part of negotiations on trailblazer deals, the Government will explore with Greater Manchester Combined Authority and West Midlands Combined Authority the potential to provide single departmental-style settlements at the next Spending Review. This could give local partners more flexibility and accountability over key economic growth funds, moving away from competitive bidding processes. Subject to progress of these discussions, the Government will consider the eligibility of other mayoral combined authorities for these settlements, noting the need to ensure appropriate accountability structures are in place. *(Page 34, paragraph 3.24)*

LGA view

- It is positive to see progress on new devolution deals in Suffolk, Norfolk, Cornwall and the North East. These deals will give greater powers, freedoms and funding to those local communities. Devolution now needs to be extended further, faster and to more places. We encourage the Government to press ahead with the next wave of deals as soon as possible so that every area of England can secure the devolution deal which works for them and their residents by the end of decade. These deals must be based on a transfer of power to areas from Whitehall. It is also important that councils of all sizes are engaged in the devolution process.

- It is also very welcome that Government is exploring a single department-type settlement to areas with trailblazer deals. Devolution offers the best value for money and is the right response to fiscal constraints. Given the tools and resources to tailor spending to local needs and opportunities, councils will deliver better outcomes than a centralised system characterised by funding silos and local duplication of effort. The LGA advocates an end to the fragmentation of government funding, and to bring budgets together in a place. This policy could benefit all local places.

- The continued commitment to levelling up through the Levelling Up Fund is welcome, as it places councils at the heart of delivery, recognising that local leaders are best placed to respond to the needs of local communities. However, we remain concerned about the competitive nature of the fund. LGA research estimated that the average cost to councils in pursuing each competitive grant was in the region of £30,000 – money that could instead be spent on tackling the cost-of-living crisis and driving growth in their areas.

Investment Zones

The Chancellor announced that:

- The Government will refocus the Investment Zones programme. The Government will use this programme to catalyse a limited number of the highest potential knowledge-intensive growth clusters, including through leveraging local research strengths. The Department for Levelling Up, Housing and Communities will work closely with mayors, devolved administrations, local authorities, businesses and other local partners to consider how best to identify and support these clusters, driving growth while maintaining high environmental standards, with the first clusters to be announced in the coming months. The existing expressions of interest will therefore not be taken forward. The Government is grateful to local authorities for their work to develop proposals. *(Page 34, paragraph 3.25)*

LGA view

- Those councils who chose to put in bids for investment zones will be disappointed after they spent valuable time and resources in meeting the Government's deadline, especially at a time when resources are already stretched.

- This highlights a broader challenge around competitive bidding processes, which creates new teams in Whitehall and adds significant costs for councils that must use scarce resources to bid for much needed money.

- Government must boost local productivity and save money on costly competitions between areas through building on the commitment in the Levelling Up White Paper to bring together the long list of individual local growth funds.

Energy Price Guarantee

The Chancellor announced that:

- Review of the Energy Price Guarantee (EPG) - From April 2023, the Government will adjust the EPG, which places a limit on the price households pay per unit of gas and electricity. This means that a typical household in Great Britain will pay £3,000 per annum (up from the current £2,500 per annum) from April 2023 to April 2024, saving £14 billion of government spending. *(Page 47, paragraph 5.1)*

- The Government will keep the EPG under review and may revisit the parameters of the scheme, for example if the forecast cost increases significantly. The Government will consult on amending the scheme as soon as is feasible after April 2023 so that those who use very large volumes of energy have their state support capped, whilst the vast majority of households can continue to benefit. This proposal is intended to ensure taxpayers do not subsidise all of the energy usage of those households with extremely high usage. The consultation will explore the best way to ensure that vulnerable high energy users, such as those with medical requirements, are not put at risk. *(Page 47, paragraph 5.1)*

LGA view

- The LGA welcomes additional certainty on the Energy Price Guarantee, although a reduction in financial support from April 2023 to April 2024 will have an impact on the household energy costs for many struggling households, with consequent increased demand on local public and voluntary sector services.

- The Government and all other partners need to clearly communicate to households that the EPG places a price limit on units of gas and electricity and avoid describing it as an annual cap which can confuse households and risk over-use.

- The only way to reduce energy costs in the long run is to reduce energy demand through increased investment in energy efficiency.

Support for households that use alternative fuels

The Chancellor announced that:

- The Government will double to £200 the level of support for households that use alternative fuels, such as heating oil, liquefied petroleum gas (LPG), coal or biomass, to heat their homes. This support will be delivered as soon as possible this winter. *(Page 47, paragraph 5.3)*

- The Government will also provide a fixed payment of £150 to all UK non-domestic consumers who are off the gas grid and use alternative fuels, with additional 'top-up' payments for large users of heating oil based on actual usage. *(Page 47, paragraph 5.3)*

LGA view

- The LGA welcomes the increased support for households and non-domestic consumers that are off the gas grid and use alternative fuels but we urge government to ensure it delivers comparable benefit to the EPG. The LGA is seeking clarification from government on how this support will will be distributed.

Review of the Energy Bill Relief Scheme (EBRS)

The Chancellor announced that:

- A HM Treasury-led review of the EBRS will determine support for non-domestic energy consumers, excluding public sector organisations, beyond 31 March 2023. The Government has today published terms of reference for the review, with the findings to be published by 31 December 2022. While the Government recognises that some businesses may continue to require support beyond March 2023, the overall scale of support the Government can offer will be significantly lower, and targeted at those most affected to ensure fiscal sustainability and value for money for the taxpayer. *(Page 47, paragraph 5.4),*

LGA view

- It is disappointing that the support for non-domestic energy consumers will not include public sector organisations beyond the end of March 2023. We urge the government to consider the impact of rising energy prices on councils as part of their review.

- Councils' leisure assets in particular have been significantly affected by the energy crisis because they are energy-intensive buildings. Despite councils' efforts, current projections by ukactive indicate 40 per cent of council areas are at risk of losing a leisure facility or seeing reduced services before 31 March 2023.

- Government must recognise the public sport and leisure sector as highly vulnerable in the forthcoming three month review of the Energy Bill Relief Scheme and make funding and support available to help stabilise the sector.

Energy Efficiency Taskforce

The Chancellor announced that:

- The Government is announcing a new long-term commitment to drive improvements in energy efficiency to bring down bills for households, businesses and the public sector with an ambition to reduce the UK's final energy consumption from buildings and industry by 15 per cent by 2030 against 2021 levels. New government funding worth £6 billion will be made available from 2025 to 2028, in addition to the £6.6 billion provided in this Parliament. To achieve this target, a new Energy Efficiency Taskforce will be charged with delivering energy efficiency across the economy. *(Page 48, paragraph 5.6)*

LGA view

- The LGA welcomes the announcement of new government funding worth £6 billion and the signals that a long-term commitment sends to the market and consumers. We have a concern that 2025 to 2028 is too far into the future. Given the increases in energy prices, high levels of fuel poverty and expense for government in subsidising energy costs in energy inefficient homes, the LGA urges government to scale up its short-term ambition and investment into energy efficiency up to 2025.

- The Energy Efficiency Taskforce (EEFT) is an important opportunity for the critical partners to come together and design the programme for reducing energy demand across all homes and buildings as part of the drive to net zero by 2050, it must include the LGA as the representative body for councils, alongside industry, government and others.

- For instance, there is an opportunity to accelerate retrofit and low carbon technologies to deliver net zero and stimulate economic growth. National government should have confidence in councils leading place-based partnerships to drive the retrofit revolution by bringing together investment in infrastructure, skills and back to work support, ensuring we have the skilled workforce we need. There are already good examples of councils embarking on this approach and the LGA runs the regional retrofit action plan training programme which brings together officers of all levels to support them with developing the tools, skills, opportunities and capabilities required to help grow the retrofit sector in their region.

- Alongside this, we need to help our communities understand what they can do to improve domestic energy efficiency, and the Government should set out details of how it will deliver its commitments to provide comprehensive energy savings advice. With appropriate funding, councils can provide a range of services that are well placed to raise residents' awareness about energy efficiency and net zero measures, and work with expert organisations providing energy saving advice to households.

National Living Wage

The Chancellor announced that:

- The Government remains committed to tackling low pay. From 1 April 2023, the Government will increase the National Living Wage (NLW) by 9.7% to £10.42 an hour, for those aged 23 and over. This is in line with the ambitious target for the NLW to reach two-thirds of median earnings by 2024, and for the age threshold to be lowered to those aged 21 and over. This represents an increase of over £1,600 to the annual earnings of a full-time worker on the NLW, and is expected to benefit over 2 million low paid workers. *(Page 28, paragraph 2.49)*

LGA view

- The LGA welcomes the increase in the National Living Wage but is clear that local authorities need to be sufficiently funded in order to meet the additional costs without cutting jobs or services.

- The Low Pay Commission forecasts indicate that there could be an increase of 8.93 per cent in the NLW in 2023/24. This will put significant additional pressure on councils' budgets and we are calling on the Government to ensure this is reflected in the forthcoming Financial Settlement.

Cost of living payments

The Chancellor announced that:

- The Government will provide households on means-tested benefits with an additional £900 Cost of Living payment in 2023-24. Pensioner households will receive an additional £300 Cost of Living payment, and individuals on disability benefits will receive an additional £150 Disability Cost of Living payment in 2023-24. These payments will be made on a UK-wide basis. *(Page 48, paragraph 5.7, also page 28, paragraph 2.46)*

LGA view

- The LGA is pleased that the Government has committed to providing additional targeted cost of living payments for households that are in receipt of a means-tested benefit, over state-pension age, or claiming a disability benefit.

- The Chancellor has rightly increased the means-tested benefits cost of living payment from £650 to £900, reflecting the sharp increases in food inflation and the price of fuel, housing costs and other essentials.

- These payments should help to protect some of the most vulnerable households from the detrimental impacts of the rising cost of living, as well as reducing demands on key public services.

- While welcome, these payments are short-term so we would like to work with the Government to address underlying socioeconomic inequalities and build longer-term financial resilience and wellbeing.

Moving back the Housing Benefit to Pension Credit merger date

The Chancellor announced that:

- The Government's plans to create a new housing element of Pension Credit to replace pensioner Housing Benefit are now intended to take effect in 2028-29. Eligible pensioners will continue to receive Housing Benefit. *(Page 49, paragraph 5.14)*

LGA view

- Work by the LGA and the Department for Work Pensions shows that councils continue to top up the cost of administering Housing Benefit on behalf of Government from their mainstream budgets. It is vital that Government covers the full costs of continuing to administer housing benefit to pensioners and other vulnerable households while welfare reforms continue to be implemented.

- Government should also set out more clearly the long-term role of councils in the wider benefit system, recognising the crucial role played by council revenue and benefits services in supporting welfare reforms and emergency support during the pandemic and the energy crisis.

Raising the benefit cap

The Chancellor announced that:

- The benefit cap will be raised by 10.1%, in line with September CPI, so that more households will see their payments increase as a result of uprating from April 2023. The cap will be raised from £20,000 to £22,020 for families nationally and from £23,000 to £25,323 in Greater London. While for single adults it will be raised from £13,400 to £14,753 nationally and from £15,410 to £16,967 in Greater London. *(Page 48, paragraph 5.9)*

LGA view

- We are pleased that the Government has listened to the LGA's concerns about the impact of historic welfare reforms on the most vulnerable households in the current economic climate.

- This is a welcome step that will go towards relieving some of the benefit shortfalls that can trap households in temporary accommodation and increase homelessness and other costs for councils.

Uprating of benefits

The Chancellor announced that:

- The Government is protecting the most vulnerable in society by increasing benefits in line with inflation, measured by September CPI which is 10.1% this year.73 Around 19 million families will see their benefit payments increase from April 2023. This includes increasing the State Pension by inflation, in line with the commitment to the Triple Lock. The standard minimum income guarantee in Pension Credit will also increase in line with inflation from April 2023 (rather than in line with average earnings growth). This will ensure pensioners on the lowest incomes are protected from inflation and do not lose some of their State Pension increase in the Pension Credit means test. *(Page 48, paragraph 5.8)*

LGA view

- Increasing benefits in line with inflation is welcome and it reflects the LGA's long-standing ask for a fair and sufficient mainstream benefit system as the principal form of support for low income and disadvantaged households.

- This means that councils and their partners will have greater scope to ensure that discretionary funding and support, including Household Support Fund, can be targeted to those most in need of additional help

- A fair and sufficient mainstream benefits system also helps reduce demand pressures on hard-pressed council services, including housing, social care and public health, as part of an integrated approach to reducing socioeconomic disadvantage in the long term.

- However, key pressures remain, including the continued freeze to the private sector Local Housing Allowance. We look forward to working with Government to ensure that all aspects of the benefits system are fair, effective and fit-for-purpose as we work together to strengthen financial resilience and economic wellbeing in the long term.

Household Support Fund

The Chancellor announced that:

- £1 billion (including Barnett impact) will be provided to enable the extension of the Household Support Fund in England over 2023/24. The Fund is administered by local authorities who will deliver support to households to help with the cost of essentials. It will be for the devolved administrations to decide how to allocate the additional funding. *(Page 49, paragraph 5.12)*

LGA view

- The LGA, councils, and partners have consistently called for local welfare funding to be put on a more sustainable footing.

- This commitment to a full year of funding, alongside essential measures in the mainstream benefit system, recognises the strength of local delivery. It will enable councils and partners to target support to those who need it most and provides some much-needed certainty that will enable more transparent and efficient use of funding.

- We were pleased to see greater flexibility for councils in the guidance for the current Household Support Fund grant, taking account of concerns raised by councils and partners.

- We want to continue working with the Department for Work and Pensions, to ensure the Household Support Fund is effectively integrated with other local support, to both address crisis and strengthen financial inclusion and wellbeing in the longer term.

- Councils will continue to demonstrate the benefits of investing in preventative services, and will continue to call for this funding to be put on a sustainable long-term footing.

Mortgage support

The Chancellor announced that:

- To support mortgage borrowers with rising interest rates, the Government will allow those on Universal Credit (UC) to apply for a loan to help with interest repayments after three months instead of nine. The Government will also abolish the zero earnings rule to allow claimants to continue receiving support while in work and on UC. This will come into effect in Spring 2023. *(Page 49, paragraph 5.16)*

LGA view

- We welcome ability of mortgage borrowers on UC to be able to apply for a loan to help with interest repayments more quickly, and the removal of the zero earnings rule.

- This will provide much-needed accelerated assistance for those struggling to pay their mortgage. This will help to protect households against repossession and keep them in their own homes and, in turn, minimise the risk of additional pressure on council homelessness services and social housing provision.

Skills and Employment

The Chancellor announced that:

- The Government recognises that skills are crucial in driving long-term economic growth and is taking forward major reforms set out in the Skills for Jobs White Paper: delivering T Levels, approving Higher Technical Qualifications, rolling out skills bootcamps, and introducing the Lifelong Learning Entitlement from 2025. To help maximise the impact of these commitments, Sir Michael Barber has been appointed to advise the Chancellor of the Exchequer and the Secretary of State for Education on the implementation of current reforms. *(Page 56, paragraph 5.64)*

- To help tackle the barriers to progression faced by individuals on lower earnings, the Government will bring forward the nationwide rollout of the In-Work Progression offer, starting with a phased rollout from September 2023. This will mean that over 600,000 Universal Credit claimants that are in work will be required to meet with a dedicated work coach so that they have support to increase their hours or earnings. This is in addition to the Government's recent announcement to raise the Administrative Earnings Threshold from January 2023, from the equivalent of 12 hours to 15 hours at the National Living Wage, which will bring more claimants in-work and on low earnings into a more intensive regime of work coach support. *(Page 32, paragraph 3.7)*

LGA view

- We welcome the focus on the skills challenges needed to drive long-term economic growth. It is essential that the review includes joining up and integration of the employment and skills system. The LGA's Work Local provides a positive, place based vision for an integrated and devolved employment and skills service. Local government is keen to be a key partner of the review.

- Job Centre Plus (JCP) should work with councils and combined authorities to integrate this support with wider skills, training and other support services. We recommend the functions of JCPs are reviewed in the longer term.

- All contracted employment support should be devolved, with local government trusted to design, commission and manage it, to maximise integration, local targeting and outcomes, working with local services - housing, health, training, debt management - and devolved / local programmes.

Digital Connectivity

The Chancellor announced that:

- The Government also remains committed to supporting digital infrastructure investment through Project Gigabit, with an ambition to reach at least 85% gigabit-capable broadband coverage by 2025 and nationwide coverage by 2030. This will ensure that every corner of the UK can access fast and reliable gigabit-capable broadband, driving economic growth and productivity. *(Page 33, paragraph 3.19)*

LGA view

- Closing gaps in gigabit-capable broadband will be vital to levelling up and ensuring people in every place can benefit from opportunity and growth and it is positive to see a recommitment to UK nationwide gigabit-capable broadband by 2030.

- Councils play an essential role in delivering the rollout of infrastructure in their communities and it will be instrumental for government and industry to work more closely with local government if we are to achieve the target.

- However, many councils require further resources and capacity to effectively support broadband and mobile rollouts. To accelerate these, we are calling for support from government and industry to build internal expertise and put in place local digital champions who would assist the coordination of local delivery and respond to surges in local roll out activity.

Electric Vehicles

The Chancellor announced that:

- From April 2025, electric cars, vans and motorcycles will begin to pay VED in the same way as petrol and diesel vehicles. This will ensure that all road users begin to pay a fair tax contribution as the take up of electric vehicles continues to accelerate. The Government will legislate for this measure in Autumn Finance Bill 2022. *(Page 52, paragraph 5.34)*

- The Government will legislate in Spring Finance Bill 2023 to extend the 100% First Year Allowance for electric vehicle chargepoints to 31 March 2025 for corporation tax purposes and 5 April 2025 for income tax purposes. This will ensure that the tax system continues to incentivise business investment in charging infrastructure. *(page 53, paragraph 5.37)*

LGA view

- Councils recognise the transition to electric vehicles is important if we are to achieve the country's net zero ambitions. Although much less harmful for the environment than petrol and diesel cars, electric vehicles still make a contribution to carbon emissions, congestion and wear and tear on our roads. It is only fair then that drivers contribute towards these additional costs, and help support investment in buses, cycling and walking.