Local Government Association
2023 Spring Budget Briefing
15 March 2023

The 2023 Spring Budget 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

- It is good that the Chancellor has used the Spring Budget to act upon council calls for funding and measures to widen employment support, improve local roads, protect swimming pools from rising costs and funding for vital regeneration efforts. Lower borrowing rates for councils will also provide a boost for vital council housebuilding projects.

- Given this is a 'back-to-work' Budget, it is disappointing there were no announcements of further investment in adult social care, public health and children's services, which also play a vital role in supporting economic growth and helping people back into work, alongside boosting people's health and wellbeing.

- A third round of levelling up funding will give councils the opportunity to forge ahead with ambitious plans to transform their communities and unlock potential for more local growth. However, we remain clear that levelling up should be locally led by evidence of where crucial investment needs to go to, not based on costly competitive bids between areas. We recently published our Levelling Up Locally inquiry report which looks into how the Government's levelling up agenda might better strengthen local communities.

- The Chancellor's commitment to transfer responsibilities from Local Enterprise Partnerships to local authorities from April 2024 provides a helpful timeline for councils and combined authorities and we look forward to seeing the updated policy position confirming next steps. This needs to be supported by a commitment from Government that transfers of responsibility are matched by sufficient funding and a commitment to work with the sector to identify any capacity issues some areas may face.

- It is positive news that the Government is addressing workforce participation as part of a wider effort to tackle high vacancy rates affecting both the national economy and local communities. Every local economy is different, and people can find themselves 'economically inactive' for different reasons. With control over fragmented and disjointed national employment and skills funding or schemes, councils could build on their track record of helping get people back into the workplace - including those who are furthest from the jobs market - and plugging growing skills gaps. The LGA's Work Local provides a positive, place based vision for an integrated and devolved employment and skills service that can support

Briefing

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everyone with the wraparound support that is needed.

- We are pleased that the Government has listened to our urgent calls for investment in the early years and tackling the barriers facing people on universal credit to access good quality childcare. Councils have a duty to ensure sufficiency of local provision and so they will need to be given a key role in making sure they succeed. Delivering on today's announcements will also require significant investment into the workforce and early years' facilities. In addition, we need to ensure that there is the right support for children with special educational needs and disabilities (SEND). Adequate funding, skilled early years practitioners and wider system support are essential to the early identification of need and support for children with SEND, as set out in the Government's own SEND and Alternative Provision improvement plan.

- The LGA has long been calling for support for leisure centres and public swimming pools, so the announcement of £60 million of support for public swimming pools across England is welcome. It is recognition of the importance of our pools to the nation's health, our communities and the safety of our children. This funding will enable councils to keep the doors open and continue the transformation of our pools to an energy efficient future. We look forward to working with the Government and Sport England to ensure support reaches all those in need. Whilst this funding is welcome, we continue to highlight that we should move away from piecemeal pots of funding allocated through competitive bidding processes.

- Alongside sustainable long-term investment in local services, bringing power and resources closer to people is also key to improving lives and building inclusive growth across the country, and many more places are ambitious to follow in the footsteps of the devolution trailblazers which are a positive step towards more local decision-making. It is therefore positive that the Government aims to further roll out the single place-based funding settlements. However, it is important that councils of all sizes are engaged in the devolution process.

- It is also good that the decision to refocus Investment Zones has seen a move away from costly competition between areas towards a transparent selection methodology that goes with the grain of devolution and prioritises the UK's path towards net zero.

- The Government is bringing forward a new discounted Public Work Loans Board (PWLB) policy margin to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing. This will provide much-needed additional support for vital council housebuilding projects. However, this will not mitigate the impact of the Government's 7 per cent social rent cap for 2023/24. The Chancellor also missed a key opportunity to give councils the power to set their own Right to Buy discounts and retain 100 per cent of sales receipts. This would have gone some way to supporting councils to replace much needed social homes.

- As part of the Government's mission to improve roads, it is helpful that councils are seeing an uplift in their pothole repair funding to meet some of this cost, although challenges remain if they are to tackle the nine year long road repair backlog.

- We want to work with the Government on a long-term funding plan which ensures councils have adequate resources to deliver local services for our communities. Alongside sustainable long-term investment in local services, bringing power and resources closer to people is also key to improving lives and building inclusive growth across the country, and many more places are ambitious to follow in the footsteps of the devolution trailblazers which are a positive step towards more local decision making.

Spring Budget in detail

<u>Public spending</u>

The Chancellor announced that:

- The OBR expects inflation to fall from its peak of 10.7% in Q4 2022 to 2.9% in Q4 2023, a fall of over two-thirds. Inflation in 2023 as a whole is expected to be 6.1%, 1.2 percentage points lower than in the OBR's November forecast. *(Page 14, paragraph 1.11)*

- The OBR then expects inflation to fall to 0.9% in 2024 and to remain near 0.0% until mid-2026. Inflation is then forecast to return sustainably to the 2% target by 2027-28. *(Page 14, paragraph 1.12)*

- The UK economy is now expected to avoid a recession in 2023. Despite avoiding a recession, economic conditions remain challenging in the short term. *(Page 18, paragraph 1.26)*

- The Spring Budget includes an additional £3.1 billion a year by 2024-25 rising to £5.2 billion at the end of the forecast period to help get more people into employment. *(Page 31, paragraph 2.6)*

- As a result of this overall approach to public spending, total departmental spending (DEL) will grow in real terms at 4% a year on average over this Spending Review period. *(Page 32, paragraph 2.9)*

- Planned departmental resource spending for the years beyond the current Spending Review period (2025-26 to 2027-28) will follow the cash profile set out at Autumn Statement, with new commitments, including on labour markets and defence, funded in addition to this. This will see overall resource spending continue to grow at 1% a year in real terms on average. Departmental capital spending will follow the cash profile agreed at the Autumn Statement 2022, with new commitments, including defence, funded in addition to this. *(Page 81, paragraph 4.10)*

<u>Borrowing</u>

The Chancellor announced that:

- The Government will bring forward a new discounted PWLB policy margin to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing *(Page 98, paragraph 4.135)*

LGA view

- Lower borrowing rates for councils will provide much-needed additional support for vital council housebuilding projects.

Business rates

The Chancellor announced that:

- The Government is publishing a summary of responses to the Business Rates Review technical consultation, which closed in February 2022. This reconfirms the Government's commitment to the Non-Domestic Rating reform package and sets out further detail on how this will be delivered in response to stakeholder feedback *(Page 89, paragraph 4.66).*

- The Government is publishing a consultation on providing ratepayers with more information on business rates valuations. The consultation seeks to gather further views and understand any concerns on how this might work in practice for ratepayers, while balancing the need to protect data and confidentiality *(Page* 89*, paragraph 4.67)*

- The Government is publishing the summary of responses to its consultation and impact assessment on the design of the Digitalising Business Rates (DBR) programme. This document outlines the Government's response to the feedback received which includes a reduction in scope, new legislation to deliver DBR, and an integrated system for ratepayers to interact with central government *(Page 89, paragraph 4.68)*

- Recognising concerns raised by stakeholders during the Business Rates Review, the Government will ensure that revenue is protected by consulting on measures to combat business rates avoidance and evasion. *(Page 89, paragraph 4.69)*

- A long term commitment to local authorities retaining 100 per cent of their business rates, and include a commitment to provide these MCAs with single multi-year funding settlements at the next Spending Review *(Page 96, paragraph 4.118)*

- The Government intends to expand the local retention of business rates to more areas in the next Parliament and will work closely with interested councils to achieve this. The Government also remains committed to bringing forward wider proposals to improve the local government finance landscape in the next Parliament. DLUHC will set out further details in due course *(Page 96, paragraph 4.119)*

LGA view

- We welcome the Government's commitment to legislate on business rates. We look forward to clarification on when it will introduce the Non-Domestic Rating Bill, which was announced in May 2022.

- We will be responding to the consultation on providing ratepayers with further information on business rates valuation. It is very important that a mechanism is found to provide information to billing authorities to enable councils to produce correct and timely business rates bills and to improve the administration of the tax.

- We will continue to engage with the Government on Digitalising Business Rates. Any additional costs for councils should be assessed through a New Burdens Assessment and be fully funded. We welcome the Government's commitment to consult on measures to combat business rates avoidance and evasion.

- The LGA estimated in 2019 that this costs at least £250 million a year in lost revenue. We will be engaging with this consultation and encouraging the Government to introduce measures along the lines of those enacted in Scotland and Wales.

- Business rates could also be improved by:

    - Giving councils more flexibility on business rates reliefs such as charitable and empty property relief.
    - A review of exemptions such as where business happen to be located on farms.
    - Giving councils the ability to set its own business rates multiplier, or at the very least be able to set a multiplier above and below the nationally set multiplier.
    - Bringing forward changes in the basis of liability so that more is defined in statute; how this is framed should be the subject of a further consultation involving the LGA and councils. This is because many fundamental concepts such as beneficial occupation have been set by case law leading to results which may seem puzzling to the public, such as the fact that large vacant sites may not pay business rates.

- We continue to make the case for multi-year settlements and for more long-term certainty around funding for all councils.

- When work on further business rates retention commences it needs to include finding a mechanism so that councils do not have to maintain current levels of business rates provisions to deal with possible appeals.

- We look forward to working with the Government on proposals to improve the local government finance landscape in the next Parliament. This needs to include the Review of Relative Needs and Resources which should include consideration of both the data and the formulas used to distribute funding. There needs to be full engagement with the sector on this.

- The Government also needs to ensure that overall local government funding is sufficient to ensure no council sees its funding reduce as a result of the Fair Funding Review and that transitional arrangements are in place for any business rates reset.

Children's social care

The Chancellor announced that:

- The Government is increasing the amount of income tax relief available to foster carers and shared lives carers. The threshold of income at which qualifying carers begin paying tax on care income will be increased to £18,140 per year plus £375 to £450 per person cared for per week for 2023-24 and these thresholds will then be index-linked, representing a tax cut worth approximately £450 per year on average. *(Page 40, paragraph 2.27)*

- To help young people leaving residential care into employment, the Government is providing an additional £8.1 million in each of the next 2 years to expand the Staying Close programme to around half of local authorities by March 2025. Staying Close provides young people leaving residential care with accommodation, and practical and emotional support, as they transition into independent adulthood. *(Page 50, paragraph 3.27)*

LGA view

- Finance should not be a barrier to providing children in care with loving homes. The income tax relief announced today, along with the increase to the National Minimum Allowance announced in the Department for Education's "Stable Homes, Built on Love" strategy, is a welcome announcement that will support foster carers to look after children.

- Staying Close is a positive model for many young people leaving residential care both in relation to education, employment and training, and young people's wellbeing and relationships. Additional funding to enable the programme's expansion is helpful, and we would like to see this developed still further to enable all those leaving residential care to access this programme, where it is right for them.

- However, the support needed by children in care and care leavers to ultimately enter employment will look different according to each young person's needs and should begin well before children leave care.

- We continue to call for children's social care services to be fully funded so that all children in care and care leavers can receive the support they need to thrive into adulthood.

Early education and childcare

The Chancellor announced that:

- The Government will provide £4.1 billion by 2027-28 to deliver 30 hours a week of free childcare for eligible working parents of children aged 9 months up to 3 years in England, where eligibility will match the existing 3-4 year old 30 hours offer. This will close the gap between parental leave finishing and the current free childcare offer. To support delivery, the government will also provide £204 million in 2023-24 from September, followed by increases each year, to uplift the funding rate for the existing childcare offers. *(Page 102, paragraph 4.163)*

- The Government will proceed with changing staff-to-child ratios from 1:4 to 1:5 for two year-olds to align with Scotland and comparable countries, and consult on further measures to improve flexibility for providers. *(Page 102, paragraph 4.163)*

- The Government will increase support for those parents in Great Britain on UC who face the highest childcare costs, often because they are working longer hours, by increasing the UC childcare cost maximum amounts to £951 for one child and £1,630 for two children *(Page 102, paragraph 4.166)*

- The Government will provide upfront support for childcare costs to parents on UC moving into work or increasing their hours in Great Britain rather than in arrears. *(Page 102, paragraph 4.165)*

- The Government will introduce a national pathfinder scheme for wraparound childcare in England, to stimulate supply in the wraparound market and support the ambition that all children should be able to access 8am-6pm childcare provision in their local area. *(Page 102, paragraph 4.164)*

LGA view

- Good quality early education and childcare enables people to work, increase their hours or take on new opportunities, and to move out of poverty. Most importantly it improves families' and children's long-term life chances. We are pleased that the Government has listened to our urgent calls for investment in the early years and tackling the barriers facing people on universal credit to access good quality childcare.

- Raising the universal credit cap on childcare will make a significant difference to many families, as will reforming the system to ensure that parents and carers are not hindered by a complex process to reclaim funding to pay for childcare costs. This is a positive step towards maximising the life chances of all children, regardless of their background, as part of our shared ambition with the Government to level-up communities and reduce inequalities across the country.

- It is helpful that the Government has committed to increasing the hourly funding rate paid to providers to deliver the existing free hours offers in England. To ensure today's announcements have their intended impact, the full cost of delivering early years entitlements must be covered to enable providers to be sustainable, pay staff appropriately and provide high quality support to children in their care. We will be seeking clarification on the extent of the uplift and whether this fully covers costs. It would also be helpful to know how this cost was modelled and how regularly this modelling will be reviewed to ensure providers can deliver the high-quality places that children and parents need.

- Furthermore, we need to secure the right support for children with special educational needs and disabilities (SEND). Adequate funding, skilled early years practitioners and wider system support are essential to the early identification of need and support for children with SEND, as set out in the Government's own SEND and Alternative Provision improvement plan.

- The Government must recognise that wider reform is needed to ensure a sustainable and affordable early years childcare and education system that works for all families and carers, including those on the lowest incomes, studying or in training. Parents and carers should be able to access provision in a place that works for them and children should have high quality education and care.

- This reform, which brings England into line with Scotland, should not come at the expense of safety and quality, therefore the proposal needs to be monitored. We need to ensure that the benefits of this change are seen by parents with lower carer costs and that it provides greater funding for an already struggling workforce.

- Wraparound childcare is essential to ensuring flexibility for parents and carers to work whilst ensuring children have enriching experiences.

Investment into this area is welcome and concerted effort will be needed to grow the market that can support all children. We call on the Government to work closely with councils on the design and delivery of the pathfinders to ensure that these meet local need.

- Councils' dedicated early years and wraparound childcare teams have faced budget reductions which impact on their ability to carry out vital improvement work with their local early years sector and provide direct support for parents and families. If the Government is to achieve its aim of levelling-up and providing children with the best start in life, councils' early years teams need to be adequately resourced to provide support to their local childcare sector and directly support children and families.

Helping people into employment

The Chancellor announced that:

- The Government will embed tailored employment support within mental health and MSK services in England, including expanding the well-established and successful Individual Placement and Support (IPS) scheme, […] scaling up MSK hubs in the community […] and also digitise the NHS Health Check to identify and prevent more cases of cardiovascular disease. These measures will support people with long-term health conditions to access the services they need, effectively manage their conditions and feel supported to return to or remain in employment. *(Page 49, paragraph 3.16)*

- The Government will also pilot a new programme, WorkWell, to better integrate employment and health support for those with health conditions, supporting individuals into employment and to remain in work. *(Page 49, paragraph 3.18)*

- The Government is publishing a Health and Disability White Paper. The Work Capability Assessment will be abolished and eligibility for the health top-up in Universal Credit will be passported via the Personal Independence Payment benefit. Claimants will benefit from tailored Work Coach support and be able to try work without fear of losing their benefits. *(Page 49, paragraph 3.19)*

- The Government will introduce a new programme to support people with disabilities and long-term sickness into work. A new Universal Support programme will match individuals in England and Wales who want to work with existing job vacancies, and ensure they are supported to enter and stay in work by funding the necessary training and workplace support. *(Page 49, paragraph 3.21)*

- The Government will extend the Youth Offer. […] Eligibility for the Youth Offer will also be expanded to include young people on Universal Credit who are not currently searching for work, including young parents and carers. *(Page 50, paragraph 3.26)*

- To support young people into employment, the Department for Education will invest an additional £3 million over the next 2 years to pilot an expansion of the Supported Internships programme to young people entitled to Special Educational Needs support who do not have an Education Health and Care Plan. (*Page 57, paragraph 3.62*)

- The Government will expand […] tailored Work Coach support to help claimants of Employment and Support Allowance and the health component of UC to find suitable work. This includes voluntary Work Coach support for individuals who do not currently see Work Coaches *(Page 99, paragraph 4.144)*

- Returnerships will promote accelerated apprenticeships, Sector-Based Work Academy Programme placements and Skills Bootcamps to the over 50s. This will support better access to re-training and allow workers of all ages to engage with the opportunities of a second career. This will be supported by £63 million for an additional 8,000 Skills Bootcamps places in 2024-25 in England, and 40,000 new Sector-Based Work Academy Programme placements across 2023-24 and 2024-25 in England and Scotland. *(Page 57, paragraph 3.64)*

LGA view

- It is good news that the Government is addressing workforce participation as part of a wider effort to address high vacancy rates affecting both the national economy and local communities.

- The LGA's Work Local provides a positive, place-based vision for an integrated and devolved employment and skills service that can support everyone with the wraparound support that is needed for these groups.

- Every area is different, and people find themselves 'economically inactive' for a range of reasons. The new support offered should connect up with councils who may already be in touch with potential beneficiaries. We look forward to working with the Department for Work and Pensions to discuss how to offer effective integrated support.

- Many councils already help people that want to work through their own job support programmes. However, places are unable to use the UK Shared Prosperity to help people back to work until 2024/25. Bridging the gap is critical, as is ensuring Universal Support is well coordinated so that more people can be reached through these new resources.

- Councils have invited nearly 23.5 million eligible people to have an NHS Healthcheck over the last 10 years, of which 11 million have taken up the offer. The NHS Healthcheck is crucial in preventing and identifying potentially life-threatening conditions, and this digital version should if properly integrated, make patients' lives easier and reducing pressure on frontline services.

- Supporting the over 50s back into the workplace with bespoke support is critical, as is making sure new initiatives such as Returnerships join up with Sector-Based Work Academies, Bootcamps and DWP health and career guidance and lead to meaningful, lasting, work.

Employment support programme for Ukrainians

The Chancellor announced that:

- In an extension of the Government's support for Ukrainians fleeing the war who have arrived in the UK under the Ukraine Visa Schemes, the Government is providing £11.5 million to offer intensive English language courses and employment support to up to 10,000 individuals *(Page 57 paragraph 3.66)*

LGA view

- Local authorities have played a key role in welcoming over 165,000 Ukrainians to settle in their new communities. As well as ongoing concerns around homelessness risks, councils have flagged concerns with access to English language lessons for Ukrainians, so additional support is welcome.

- With funding to councils ending after the first year and halving for new arrivals in 2023, we would welcome further clarity on which organisations will be receiving the £11.5 million. We remain keen to work with the Government to share councils' expertise on supporting integration and access to jobs that truly match new arrivals' skills and employment history.

Swimming Pool Support Fund

The Chancellor announced that:

- The Government will provide over £60 million of support for public swimming pools across England. This will be targeted to address the immediate cost pressures facing public swimming pool providers, as well as providing investment in energy efficiency measures to reform facilities, reduce future operating costs and deliver long-term sustainability. *(Page 82, paragraph 4.18)*

LGA view

- The LGA has long been calling for support for leisure centres and public swimming pools facing rising costs in energy bills. We are pleased the Government has recognised the importance of our public pools to the nation's health, our communities, and the safety of our children.

- Councils and operators have worked hard to keep pools open for as long as possible in the face of rising energy costs but warned that without investment we would have seen a large number of closures. This funding will enable us to keep the doors open and continue the transformation of our pools to an energy secure amd efficient future, with a long-term ambition of maximising the use of renewable and alternative energy sources.

- We look forward to working with the Government and Sport England to ensure support reaches all those in need.

- Whilst this funding is welcome, we continue to highlight that we should move move away from piecemeal pots of funding allocated through competitive bidding processes.

Social housing

The Chancellor announced that:

- The Government will bring forward a new discounted Public Works Loan Board (PWLB) policy margin to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing. *(Page 98, paragraph 4.315)*

LGA view

- Lower borrowing rates for councils will provide much-needed additional support for vital council housebuilding projects.

- This will not mitigate the impact of the Government's 7 per cent social rent cap for 2023/24. Councils support moves to keep rents low, but we have warned that the loss of funding would slowdown or halt essential housebuilding projects, key maintenance and improvement works and retrofitting of existing stock in pursuit of Net Zero goals and more energy efficient homes. LGA-commissioned research shows that the 7 per cent cap on social housing rents, compared to the usually permitted Consumer Price Index + 1 per cent limit, will amount to a cumulative deficit to the sector of £664 million after two years.

- Councils remain concerned that this cap will slow down or halt essential housebuilding projects, as well as key maintenance and improvement works and retrofitting of existing stock in pursuit of net zero goals and more energy efficient homes.

- The Budget also missed a key opportunity to give councils the power to set their own Right to Buy discounts and retain 100 per cent of sales receipts. This would have gone some way to supporting councils to replace much needed social homes. Recent analysis commissioned by the LGA showed that without urgent reform to Right to Buy, almost 60,000 homes sold through the scheme will not be replaced by 2030.

Nutrient neutrality and housebuilding

The Chancellor announced that:

- In recognition of the scale of the impact, the Spring Budget announces further support to ensure 'nutrient neutrality' obligations can be efficiently delivered, thereby reducing the risks facing developers building homes in affected areas. DLUHC will shortly launch a call for evidence from Local Planning Authorities, backed by a commitment to provide funding for high quality, locally-led nutrient mitigation schemes *(Page 73, paragraph 3.133)*

- Nutrient neutrality credit schemes – DLUHC will open a call for evidence from local authorities in England for locally led nutrient neutrality credit schemes. Where high quality proposals are identified, this government will provide funding to support clearer routes for housing developers to deliver 'nutrient neutral' sites, in line with their environmental obligations. *(Page 98, paragraph 4.134)*

LGA view

- The LGA's Policy Inquiry on nutrient and water neutrality has flagged the need for urgent short-term action and this additional funding to help unlock housebuilding in nutrient neutrality areas.

- We are pleased that the Government has responded to our concerns with a commitment to funding for locally-led schemes, and will be seeking further information on the amount of funding and when this will be available.

- The call for evidence and additional funding are welcome and must be followed up by doubling-down on long-term action to protect rivers by focusing on reducing pollution at source.

Energy bills discounts

The Chancellor announced that:

- The Energy Bills Discount Scheme will provide all eligible businesses and other non-domestic energy users across the UK with a discount on high energy bills until 31 March 2024, following the end of the current Energy Bill Relief Scheme. It will also provide businesses in sectors with particularly high levels of energy use and trade intensity with a higher level of support. *(Page 82, paragraph 4.14)*

- The Government is providing UK domestic Heat Network customers on non-domestic heating contracts with a higher rate of relief, set at a level that will ensure that they do not face disproportionately higher energy bills than consumers under the Energy Price Guarantee (EPG). *(Page 82, paragraph 4.17)*

LGA view

- The LGA welcomes the Energy Bills Discount Scheme for eligible businesses and other non-domestic energy users on high energy bills until March 2024 but asks the Government to consider public sector bodies, including councils, as non-domestic energy users.

- Councils are often high energy users, and alongside inflation, wages and the increased cost of service provision, energy prices continue to add additional strain on budgets.

- The LGA welcomes the recognition from the Government that heat network customers on non-domestic heating contracts have been disproportionately impacted by high energy costs due to lower levels of support.

- Ensuring that they do not continue to face disproportionately higher energy bills than consumers under the EPG is welcomed however in the long term, more needs to be done to regulate the sector, increase operational efficiencies and prepare heat networks to become a key contributor to achieving net zero.

Supporting with the increased cost of living

The Chancellor announced that:

- The Government will adjust the EPG from 1 July to bring charges for comparable direct debit and PPM (prepayment meters) customers into line until April 2024, when the EPG ends. *(Page 82, paragraph 4.15)*

LGA view

- We are pleased by the Chancellor's announcement to remove the premium paid by households using prepayment meters (PPM) by adjusting the EPG.

- Aligning charges with those paying by direct debit is an important step in addressing the higher costs that many low-income and vulnerable households pay for essential goods and services.

- It is positive that the Government is finding ways to make the system fairer for people most at risk from immediate cost of living pressures. To lift people out of poverty for good, we continue to call on the Government to take a cross-departmental and collective approach, working with local government and its partners, to develop long-term solutions to socioeconomic inequality and disadvantage.

Energy Price Guarantee (EPG)

The Chancellor announced that:

- The Government will maintain the EPG across the UK at £2,500 per year for the typical household for an additional three months (April to June 2023). The planned increase to £3,000 per year will therefore be implemented on 1 July, rather than 1 April as previously announced. *(Page 82, paragraph 4.13)*

LGA view

- The LGA welcomes the extension of the Energy Price Guarantee, it will provide important support ahead of the projected fall in energy prices later in the year. However, as other schemes such as the Energy Bills Support Scheme wind up, lower income households and councils supporting them will remain under some pressure.

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

Voluntary and Community Social Enterprise (VCSE)

The Chancellor announced that:

- The Government will make £10 million available for a grant fund for suicide prevention VCSE organisations in England across 2023-24 to 2024- 25 to support people experiencing suicidal thoughts or approaching a mental health crisis. *(Page 83, paragraph 4.24)*

LGA view

- While the LGA welcomes the investment in VCSE services to prevent suicide, it is important to recognise that suicide prevention efforts are frequently led by local authority public health teams, in partnership with local voluntary services. Current pressures on these services continue to prove challenging in the context of cuts to local public health budgets, which were not helped by the extremely late announcement of the public health grant for 2023/24.

- A one-off grant fund spread across two years for VCSE services will not address these public health funding pressures. An uplift to the Public Health grant is needed, as well as a wider review of the adequacy of public health funding. This will enable Public Health teams to continue their local leadership of suicide prevention and continue to implement long term suicide prevention plans.

Veterans

The Chancellor announced that:

- The Government is providing an additional £33 million over the next 3 years to increase the service provided to veterans, including support for those with serious physical injury resulting from their service and increasing the availability of veteran housing*. (Page 81, paragraph 4.7).*

LGA view:

- Additional funding over the next three years to increase the availability of veterans housing is good news for our Armed Forces community. Whilst the funding announced is welcome, it is short-term and limited in nature. Given the other funding pressures local government faces, this means that it cannot fully fund the local capacity needed to sustainably drive forward the Armed Forces Covenant Duty. It is essential that local authorities are involved in the allocation of the funding.

- Councils must also continue to receive enough funding to support veterans and their families across a range of services that affect mental health, including housing, money advice, employment support and other public health and wellbeing services.

Local Enterprise Partnerships (LEPs)

The Chancellor announced that:

- The Government is committed to empowering democratically elected local leaders at every opportunity. To this end, the Government intends for the functions of Local Enterprise Partnerships (LEPs) to be delivered by local government in the future. Therefore, the Government is minded to withdraw central government support for LEPs from April 2024. DLUHC and the Department for Business and Trade will now consult on these proposals, before confirming a decision. The Government will publish an updated policy position to confirm next steps by the summer. *(Page 70, paragraph 3.119)*

LGA view

- The Levelling Up White Paper announced the integration of LEPs and their business boards into Mayoral Combined Authorities, the Greater London Authority and County Deals where they exist. The Chancellor's commitment to transfer responsibilities from LEPs to local authorities from April 2024 provides a helpful timeline for councils and combined authorities and we look forward to seeing the updated policy position confirming next steps.

- This needs to be supported by a commitment from Government that transfers of responsibility are matched by sufficient funding and a commitment to work with the sector to identify any capacity issues some areas may face.

Investment Zones

The Chancellor announced that:

- The Government is launching the refocused Investment Zones programme to catalyse 12 high-potential knowledge-intensive growth clusters across the UK. *(Page 68, paragraph 3.106)*

- English Investment Zones will have access to interventions worth £80 million over five years, including a single five-year tax package for businesses in Investment Zones and grant funding to address local productivity barriers. The Government has invited local partners in eight areas in England to begin discussions on establishing Investment Zones. *(Page 96, paragraph 4.117)*

- Plans will be developed collaboratively by Mayoral Combined Authorities (MCAs) – working in partnership with local universities, councils and businesses – and central government. Plans will need to demonstrate how the Investment Zone will support the UK reaching net zero by 2050 and the Government's new long-term targets to protect and enhance the natural environment, and be resilient to the effects of climate change. (Page 68, paragraph 3.108)

LGA view

- It is good that the decision to refocus Investment Zones has seen a move away from costly competition between areas towards a transparent selection methodology that goes with the grain of devolution and prioritises the UK's path towards net zero.

Levelling up with high-quality regeneration across the UK

The Chancellor announced that:

- The rollout of new Levelling Up Partnerships, providing over £400 million and bringing the collective power of government to provide bespoke place-based regeneration in twenty of England's areas most in need of levelling up over 2023-24 and 2024- 25. *(Page 97, paragraph 4.123)*

- Funding for a further 30 projects across the UK as part of the existing £150 million Community Ownership Fund. *(Page 97, paragraph 4.127)*

- A third round of the Levelling Up Fund will proceed as planned later in 2023 with a further £1 billion to level up places across the UK. *(Page 97, paragraph 4.128)*

LGA view

- A third round of levelling up funding and the extra £400 million for levelling up projects will give councils the opportunity to forge ahead with ambitious plans to transform their communities and unlock potential for more local growth. However, we remain clear that levelling up should be locally led by evidence of where crucial investment needs to go to, not based on costly competitive bids between areas.

Devolution trailblazer deals

The Chancellor announced that:

- In the Levelling Up White Paper, the Government committed to negotiate trailblazer deeper devolution deals with the Greater Manchester and West Midlands Combined Authorities to set the blueprint for deeper devolution across the rest of England. These deals have now been agreed, subject to ratification, and will equip these authorities with deeper and additional policy levers to deliver on their priorities, including across local transport, employment, housing, innovation and net zero. This includes a greater role in simplifying and integrating ticketing in local transport systems; devolution of the majority of 19+ adult skills funding to mayors; a long-term commitment to local authorities retaining 100 per cent of their business rates; and, for the first time outside of London, local leaders will now be able to set the strategic direction over the Affordable Housing Programme in their areas. *(Page 69, paragraph 3.115)*

- As part of the trailblazer deeper devolution deals, the Government has committed to give Greater Manchester and West Midlands Combined Authorities single multi-year funding settlements at the next Spending Review. These settlements will be agreed directly with Government through a single process and will cover their funding for devolved policy areas, including local growth and place, local transport, housing and regeneration, adult skills and retrofitting buildings to drive decarbonisation, for the duration of each Spending Review period. The single funding settlements will give the trailblazer MCAs the flexibility and independence they need to deliver for their areas while providing assurance of MCA performance through a single outcomes-based accountability framework. The Government's ambition is to roll this model out to all areas in England with a devolution deal and a directly elected leader over time. *(Page 70, paragraph 3.116)*

LGA view

- Levelling up is at the heart of what councils and combined authorities want for their communities. Alongside sustainable long-term investment in local services, bringing power and resources closer to people is the key to improving lives and building inclusive growth across the country.

- Many more places are ambitious to follow in the footsteps of the pioneering work of the two devolution trailblazers and the positive steps they have made towards more local decision-making.

- It is positive that the Government aims to further roll out the single place-based funding settlements. This recognises the need to move away from the current fragmented funding approach which has been costly and inefficient for local government. We urge the Government to provide clarity on the timelines for this, and to work with local government so that areas that want to go further and faster can do so.

Devolution deals

The Chancellor announced that:

- Last year, the Government made significant progress towards its 2030 devolution mission, signing 6 devolution deals. The Government is fully committed to these deals and seeing the first elections in May 2024. The Government's ambition is to see devolution extended further across England, beyond the areas named in the Levelling Up White Paper. In taking forward this ambition the Government will seek to negotiate a new wave of devolution deals over the coming year, which will include local investment funding for areas that are committed to a mayor or directly elected leader. *(Page 70, paragraph 3.118)*

LGA view:

- The Government's ambition to extend devolution across England is welcome. We have long argued that decisions are best taken as close as possible to the communities they affect, and evidence shows that devolution leads to better outcomes. However, it is important that councils of all sizes are engaged in the devolution process.

- It is important that these new devolution deals are locally-led, and reflect the range of options set out in the devolution framework in the Levelling Up White Paper.

- Areas should be free to choose the most appropriate model for their community, and non-metropolitan areas should not be prevented from pursuing devolution if they have a clear proposition informed by good governance principles.

Carbon Capture Usage and Storage (CCUS)

The Chancellor announced that:

- The Government will also provide up to £20 billion funding for early deployment of CCUS, to help meet the Government's climate commitments. A shortlist of projects for the first phase of CCUS deployment will be announced later this month. Further capture projects will be able to enter a selection process for Track 1 expansion to be launched this year, and 2 additional clusters will be selected through a

Track 2 process, with details announced shortly. *(Page 93, paragraph 4.99)*

LGA view

- The LGA broadly welcomes the commitment to early deployment of CCUS.
- This should not be at the expense of investing in renewables or reducing the amount of energy we as a nation are using.
- Government must consider seriously the workforce and skills requirements to deliver CCUS investments and should enable local government to bring together public and private partners to develop the necessary skills pipeline.

Great British Nuclear (GBN)

The Chancellor announced that:

- Great British Nuclear will launch the first staged competition for Small Modular Reactors with an ambition to select the leading technologies by the end of this year and if demonstrated to be viable we will co-fund this new technology for the UK. Nuclear energy will also be included in the green taxonomy, subject to consultation, encouraging private investment. Small Modular Reactors will be the initial focus of GBN, but further Gigawatt-scale projects will also be considered in future. *(Page 94, paragraph 4.101)*

LGA view

- It is critical to have robust community engagement and support for projects involving nuclear power, whether they are small modular reactors or large reactors.
- As local leaders rooted in communities, the Government and industry must engage with councils and their communities as early as possible on proposals to develop nuclear facilities in their area.

Potholes

The Chancellor announced that:

- In addition, to boost infrastructure investment that is crucial to local communities and businesses, the Government will invest a further £200 million in 2023/24 to maintain and improve local roads. This increase will enable local authorities in England to fix more potholes, complete resurfacing, and invest in major repairs and renewals, such as keeping bridges and major structures open. *(Page 73, paragraph 3.135)*

LGA view

- The LGA has highlighted that the impact of inflation and material shortages was increasing the cost of repairing potholes, making it even more challenging for councils to maintain our local roads.

- It is helpful then that councils are seeing an uplift in their pothole repair funding to meet some of this cost. Challenges remain to tackle the nine-year long road repair backlog.

- Despite the efforts of councils, which repair a pothole every 19 seconds, our local roads repair backlog is rising, with latest estimates showing it would take over £12 billion and ten years to clear.

Transport

The Chancellor announced that:

- The Government is committing £8.8 billion for a second round of City Region Sustainable Transport Settlement (CRSTS) for English city regions to transform their local transport networks, covering the period 2027/28 to 2031/32. *(Page 97, paragraph 4.122)*

LGA view

- This announcement is for funding that is set to begin in four years' time. It is a signal of intention.

- The long-term certainty and flexibility of funding that comes with the CRSTS should be extended to all areas.

Theatre, orchestra and museums and galleries tax reliefs

The Chancellor announced that:

- The Government will continue to support the UK's world-leading creative industries by reforming the audiovisual tax reliefs into expenditure credits with a higher rate of relief than under the current system. The expenditure threshold for high-end TV will remain at £1 million per hour. The Government will also extend the temporary higher rates of theatre, orchestra, and museums and galleries tax reliefs for 2 further years from April 2023. *(Page 61, paragraph 3.76)*

LGA view

- We are pleased the Government has listened to calls to extend the temporary higher rates of theatre, orchestra, and museums and galleries tax reliefs. Cultural organisations are facing significant challenges as a result of rising energy and other costs and the long-term impact of the pandemic. Tax reliefs have been particularly useful for those local authority museums which are operated by a trust or other charitable entity.

- Removing the sunset clause on the Museums and Galleries Exhibitions Tax Relief (MGETR) would provide longer term certainty.

- We welcome the commitment to supporting the UK's creative industries. The creative industries are a key driver of local growth found in over 700 micro clusters across the country. Local authorities have an important role to play in setting the local context for growth and diversifying access to careers in this sector.

Alcohol duty reform

The Chancellor announced that:

- The Government will legislate to make changes to the duty structure for alcoholic products, creating standardised tax bands based on alcohol by volume. The Government will also introduce two new reliefs and transitional arrangements for certain wine products. These changes will take effect from 1 August 2023. *(Page 91, paragraph 4.83)*

LGA view

- We look forward to the details of this announcement which should reflect the LGA's call for duty rates to be linked to alcohol strength. This will help encourage the market for alcohol free and lower strength cider, wine, beer and spirits.

- Charging duty rates based on the strength of a drink will help to reverse the current system which results in the strongest, most harmful drinks sold in supermarkets and off-licences being the cheapest available, which is harming the nation's health as well contributing to alcohol-related crime and disorder on the streets of towns and cities.

Local Government Pension Scheme

The Chancellor announced that:

- Leading by example by pursuing accelerated transfer of the £364 billion Local Government Pension Scheme assets into pools to support increased investment in innovative companies and other productive assets. The Government will shortly come forward with a consultation. *(Page 64, paragraph 3.82)*

- The Government is challenging the Local Government Pension Scheme in England and Wales to move further and faster on consolidating assets – a forthcoming consultation will propose LGPS funds transfer all listed assets into their pools by March 2025, and set direction for the future. This may include moving towards a smaller number of pools in excess of £50 billion to optimise benefits of scale. While pooling has delivered substantial benefits so far, progress needs to accelerate to deliver and the Government stands ready to take further action if needed. The Government will also consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets. *(Page 95-96, paragraph 4.116)*

- The Government will increase the Annual Allowance from £40,000 to £60,000 from 6 April 2023. Individuals will continue to be able to carry forward unused Annual Allowances from the 3 previous tax years. The Government will increase the Money Purchase Annual Allowance from £4,000 to £10,000 and the minimum Tapered Annual Allowance from £4,000 to £10,000 from 6 April 2023. The adjusted income threshold for the Tapered Annual Allowance will also be increased from £240,000 to £260,000 from 6 April 2023. The Government will also remove the Lifetime Allowance charge from 6 April 2023, before fully abolishing the Lifetime Allowance in a future Finance Bill. The maximum Pension Commencement Lump Sum for those without protections will be retained at its current level of £268,275 and will be frozen thereafter. *(Page 100, paragraph 4.153)*

LGA view

- The promised consultation is eagerly awaited by the Local Government Pension Scheme (LGPS) as we anticipate further clarification of Government's expectations around LGPS investments and future direction of the pooling agenda. The LGA, as the host for the Local Government Pension Scheme Advisory Board Secretariat, will be fully involved in considering the consultation when it is published, and assisting the Board to respond to the consultation.

- The changes to pension tax limits relating to the Lifetime and Annual Allowances (LTA and AA respectively) will be welcomed by higher earners in the LGPS, as well as those middle-lower earners with long local government careers who were beginning to be pulled into AA despite the tax being understood to be aimed at those building up excessive pension benefits.

- The changes to pension tax limits may assist some older workers to remain in the workforce longer than they may otherwise have planned to, given the implications of pensions tax prior to these proposed changes. However, it should be remembered that the majority of LGPS members will not be affected by the pension tax changes, and that the average LGPS pension in payment is around £5 thousand per annum.

- The increase to the Money Purchase Annual Allowance (MPAA) will allow those LGPS members paying additional voluntary contributions into a defined contribution pension pot to increase those contributions should they be able to and wish to.