Local Government Association

Briefing

Spring Budget 2024: On-the-day briefing

6 March 2024
This briefing provides a summary of the key announcements in the 2024 Spring Budget relevant to local government. The full set of documents is available on the Treasury website.

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

Key messages

- We are pleased the Chancellor has extended the Household Support Fund (HSF), which has helped millions of households facing hardship. It is disappointing that we had to wait until the very last minute for an extension, and that it is only for a short period. Three-quarters of councils expect hardship to increase further in their area over the next 12 months. We would ask that the Government uses the next six months to agree a more sustainable successor to the HSF. Councils need certainty and consistent funding to efficiently maintain the staff, services and networks that help our most vulnerable residents.

- Councils of all political colours are starting this financial year in a precarious position, and having to scale back or close a wide range of local services. The continued squeeze in public spending in the years ahead is a cause for concern for communities. We have agreed to join the expert panel to advise Government on financial sustainability in the sector, which will consist of both internal and external experts. The LGA is well placed to help with this, and we await the full terms of reference for the panel.

- It is disappointing that the Government has not announced measures to adequately fund the local services people rely on every day. Councils continue to transform services but, given that core spending power in 2024/25 has been cut by 23.3 per cent in real terms compared to 2010/11, it is unsustainable to expect them to keep doing more for less in the face of unprecedented cost and demand pressures.

- This year also saw the sixth one-year settlement in a row for councils. Keeping councils on a financial drip feed in this way has led to the steady weakening of local services. Councils need greater funding certainty through multi-year settlements to prevent this ongoing decline and to also ensure key national Government policies – such as boosting economic growth, creating jobs and building homes – can be achieved.

- It is concerning that the Spring Budget provides no new investment for adult social care or temporary accommodation and we will keep lobbying on these. People who draw on care and support will be understandably worried about the continuing impact of significant pressures on the service. We welcome the additional funding for children's social care and plans to expand capacity and ensure children receive the help they need in the most suitable homes. Fixing the broken market for children's social care placements will take time and ongoing investment, but this is a step in the right direction. Councils are spending more than £1.74 billion supporting 104,000 households in temporary accommodation, both the highest figures since records began.

- We welcome the Government taking decisive action to make vaping products less affordable to minors. Councils work hard to tackle the sale of illicit vapes in their communities as well stopping the sale of the products to children. We urge Government to ensure the proceeds from the tax are specifically targeted for environmental, public health and enforcement purposes. This will help to tackle the pocket money prices vapes are currently available for, deterring children from using them and helping the clampdown on illicit products.

- We are pleased the Chancellor has confirmed Levelling Up funding for culture projects, recognising the important role that culture and pride in place have to play in levelling up. Access to culture is not evenly distributed across the nation and measures to address this challenge are very welcome. Core revenue funding for culture reduced by over 40 per cent in the 10 years leading up to the pandemic because of pressures on council budgets and rising demand for statutory services.

Public spending

The Chancellor announced that:

- Total departmental spending (DEL) will grow in real terms at 3.2 per cent a year on average over this Parliament. Day-to-day spending has increased by an average of 2.3 per cent per year in real terms over this Parliament, and capital spending by 7 per cent. *(Page 24, paragraph 2.9)*

- Beyond 2024-25 planned departmental day-to-day spending will grow at 1 per cent a year on average in real terms and planned departmental capital spending will follow the cash profile set at Autumn Statement 2023, adjusted where new commitments on productivity are funded in addition. (2019-20). *(Page 24, paragraph 2.10)*

- [Productivity] plans will be developed over the coming months ahead of the next Spending Review. That Spending Review – which will come after the General Election – will put in place a robust and comprehensive strategy for improving public sector productivity, putting these improvements at the heart of departmental settlements. *(Page 35, paragraph 2.23)*

Business rates

The Chancellor announced that:

- The Empty Property Relief "reset period" will be extended from six weeks to thirteen weeks from 1 April 2024 in England. The Government will also consult on a "General Anti-Avoidance Rule" for business rates in England, and has published at Spring Budget a summary of responses to the Business Rates Avoidance and Evasion Consultation *(Page 72, paragraph 5.36).*

- Film Studios Relief – Eligible film studios in England will receive a 40 per cent reduction on gross business rates bills until 2034. The relief will be implemented as soon as possible, and bills will be backdated to 1 April 2024. This is a tax cut worth around £470 million over the next 10 years. Studios will remain eligible for Improvement Relief. English Local Authorities will be fully compensated for the loss of income as a result of this relief and will receive new burdens funding for administrative and IT costs. *(Page 81, paragraph 5.114)*

- Grant funding to local authorities for business rates reliefs and tax policy changes is reclassified from DEL to AME at Spring Budget 2024 due to volatility and uncertainty in cost estimates. The amount of spending that has been reclassified is equal to £5.1 billion in 2024-25, and has been backdated to all outturn years in which applicable spending took place. Local authorities will receive the same funding, as will the devolved administrations through the Barnett formula. This change therefore has no impact on Total Managed Expenditure or public borrowing. (*Page 26, footnote to table 2.1*)

LGA view

- The LGA has long been concerned about business rates avoidance and we have carried out surveys in the past to determine its extent and the main methods used. The last survey was carried out in 2019 where we estimated that £250 million, around one per cent of annual business rates revenue, was lost to business rates avoidance. We therefore welcome the Government's commitment to tackle this issue and we will respond to the Government's forthcoming consultation on a "General Anti-Avoidance Rule" for business rates in England.

- We welcome the Government's announcement to extend the reset period for empty property relief, however, we believe this should have been extended to six months.

- It is disappointing the Government has not announced any new measures to tackle rogue agents.

- Eligible film studios will welcome the business rate reliefs announced in the Chancellor's Budget. Freezing the business rates multiplier removes buoyancy from the business rates system, and without alternative means of funding council income would reduce. It is positive that the Government has provided assurance that local authorities will be fully compensated for these business rates measures and that this will include the funding of new burdens for any administrative and IT costs. Billing authorities will need clear guidance from central Government on eligibility and how to implement the relief and time will be needed to implement the changes.

Productivity

The Chancellor announced that:

- To continue to take a whole-of-government approach, local authorities have also been asked to produce plans by July 2024 setting out how they will improve service performance, utilise data and technology, and reduce wasteful spend. DLUHC will also set up a productivity panel to support the long-term sustainability of the sector, which will discuss the key themes emerging from the plans and offer advice to both councils and government that will be considered going forward. *(Page 38, paragraph 2.32)*

LGA view

- These plans were originally announced alongside the 2024/25 Local Government Finance settlement. We will seek to influence any guidance about these plans to minimise the burden on councils and ensure they add value.

- The LGA agreed to join the expert panel to advise Government on financial sustainability in the sector, which would consist of both internal and external experts. The LGA is well placed to help with this and we await the full terms of reference for the panel.

- In the context of reduced funding and rising demand, councils have worked hard to do more with less year on year and they continue to innovate and transform their services, to meet the needs of their communities.

Household Support Fund

The Chancellor announced that:

- To help the most vulnerable households with the cost of essentials such as food and utilities, the government is also providing an additional £500 million (including Barnett impact) to enable the extension of the Household Support Fund in England from April to September 2024 (*Page 77, paragraph 5.78*)

LGA view:

- We are pleased the Chancellor has extended the Household Support Fund (HSF), which will enable councils to continue to provide vital support and advice to households facing hardship.

- It is disappointing that we had to wait until the very last minute for an extension, and that it is only for a short period. Many councils have already had to close services, reduce or remove grants to their charitable partners and make redundancies due to the uncertainty. Councils could find themselves in this position yet again in September.

- The continued financial pressures on councils mean that many will have no choice but remove support if/when the funding ends, even though three-quarters of them expect hardship to increase further in their area over the next 12 months.

- The Government needs to use the next six months to work with the LGA, councils and our partners in the voluntary and community sector to agree a more sustainable successor to the HSF. Councils need certainty and consistent funding to efficiently maintain the staff, services and networks that help our most vulnerable residents. Without this we risk more people falling into financial crisis as we head into winter.

Adult Social Care

LGA view

- It is disappointing and concerning that the Budget provides no new investment for adult social care. People who draw on care and support will be understandably worried about the continuing impact of significant pressures on the service. Waiting lists for care assessments or the provision of support/direct payments or care plan reviews remain stubbornly high. Serious recruitment and retention challenges continue to beset the workforce. Unmet and under-met need remains, pointing to issues with access to care and support. Instability also continues to characterise the provider sector.

- Whilst the investment made at Autumn Statement 2022 was very welcome, we urged the Government not to think that care and support is now ‘fixed’. The absence of new funding, and the near total absence of any commentary on adult social care, might suggest the Government considers that pressures are resolved, and the sector has what it needs. This is patently not the case and many directors of adult services consider their budgets insufficient to meet all of their statutory duties. Moreover, the full benefit of additional investment in the NHS will not be felt if adult social care remains under pressure. The Government is placing great emphasis on public sector productivity and the NHS and adult social care can make a real contribution to that through local work to integrate systems and services for the benefit of people and the public purse. However, funding shortfalls facing adult social care seriously hamper effective joint working.

- The lack of additional financial support for local authorities to develop productivity plans will be contrasted with the additional £3.4 billion to support the NHS productivity plan to support a range of productivity initiatives in the NHS.

Children’s social care

The Chancellor announced that:

- The Government will provide £45 million match funding to local authorities to build an additional 200 open children’s home placements and £120 million to fund the maintenance of the existing secure children’s home estate, and rebuild Atkinson Secure Children’s Home and Swanwick Secure Children’s Home. The government will also develop proposals on what more can be done to combat profiteering, bring down costs and create a more sustainable market for residential placements which it will publish later this year. Furthermore, it will work with the Local Government Pension Scheme to consider the role they could play in unlocking investment in new children’s homes. *(Page 69, paragraph 5.19)*

LGA view

- Councils have been highlighting for some time that with more children needing help with increasingly complex and challenging needs, it is becoming increasingly difficult to find suitable homes for children in care. The astronomical costs of some care placements means there is less money available for councils to spend on earlier support for children and families.

- This funding and further planned work will help to expand capacity and ensure children receive the help they need in the most suitable homes. It will also help to make sure that placements are good value for money, with funding concentrated on providing children with safe, loving homes and the support that they need to thrive.

- Fixing the broken market for children's social care placements will take time and ongoing investment, but this is a step in the right direction. We look forward to continuing to work closely with the Department for Education, the Department for Health and Social Care and the Ministry of Justice to ensure that we have the right homes available for all children who cannot live at home.

Early years education and childcare

The Chancellor announced that:

- The hourly rate providers are paid to deliver the free hours offers will increase in line with the metric used at Spring Budget 2023 for the next two years. This reflects that workforce costs are the most significant costs for childcare providers and represents an estimated additional £500 million of investment over two years. Along with planned reforms to local funding rules, Local Authorities (LAs) will have an eight week window to communicate final hourly funding rates to providers and will soon have to pass through at least 97 per cent of funding to providers *(Page 45, paragraph 3.15*)

LGA view

- The expansion of early years entitlements to support more families into work is welcome, as is today's announcement of additional funding in recognition of the financial challenges facing the early years sector. However, historic underfunding and wider pressures mean the early years sector will remain under pressure without further reform. A long-term review of early years funding rates and support for the workforce should take place to ensure that funding is sufficient to cover all costs.
- Local authorities work hard to support providers to deliver early years places. However, local authorities have a series of internal processes to work through before they can announce funding rates to providers. Moving to an eight week period for communicating funding rates to providers risks rushing essential consultation and local authorities having to make financial decisions without sufficient information. These risks could be mitigated if dates for announcing government rates were agreed sufficiently in advance.
- Councils are responsible for directing the majority of childcare spending, and their role will become even more critical as the proportion of places delivered through Government-funded entitlements will go up to around 80 per cent from 50 per cent now. This is why councils need to have sufficient resources and be given the right levers and powers to manage local childcare markets.

Special free schools

The Chancellor announced that:

- The government is committing an initial £105 million towards a wave of 15 new special free schools to create over 2,000 additional places for children with special educational needs and disabilities (SEND) across England. This will help more children receive a world-class education and builds on the significant levels of capital funding for SEND invested at the 2021 Spending Review. The locations of these special free schools will be announced by May 2024. *(Page 36, paragraph 2.25, section 3)*

LGA view

- We welcome the commitment of an initial £105 million towards a wave of fifteen new special schools. Feedback from councils, however, is that the speed at which new special school places can be brought online is too slow and will not solve the worsening financial crisis in supporting children with SEND. We are keen to work with the Department for Education to ensure this process can be made to work as quickly and efficiently as possible to ensure the needs of children and young people with special educational needs and disabilities can be met.

Temporary accommodation

LGA View

- We are disappointed that the Budget provides no support to address the spiralling cost of temporary accommodation. Councils are spending more than £1.74 billion supporting 104,000 households in temporary accommodation, both the highest figures since records began. The restoration of Local Housing Allowance rates to the 30th percentile of market rents from April 2024, announced at Autumn Statement 2023, is a welcome step. However, it is disappointing that the Government has not taken the opportunity to uprate the subsidy for claims in respect of people living in temporary accommodation which remains capped at 90 per cent of January 2011 rates.

- The severe shortage of social housing means councils are forced to pay to house people in private temporary accommodation, including hotels and B&Bs while they wait for a permanent home.

- Building more genuinely affordable homes remains the best way to help families struggling to meet housing costs, provide homes to rent, reduce homelessness and tackle council housing waiting lists in the long term. The Government must urgently implement our six-point plan to give councils the powers.

Right to Buy

The Chancellor announced that:

- The government will increase the cap from 40 per cent to 50 per cent on the percentage of the cost of a replacement home that can be funded from Right to Buy receipts. *(Page 76, paragraph 5.71)*

LGA view

- The LGA has long argued for changes to the Right to Buy scheme and this policy change is welcomed. However, this Budget has missed a key opportunity to allow councils to permanently retain 100 per cent of sales receipts. Increasing the cap will help to make some housing schemes viable that would not otherwise be, however, the LGA has argued that this cap should be removed entirely. The impact of the cap increase in supporting the delivery of replacement homes will also be limited. The two-year retention period announced in 2023 only covers the two financial years 2022/23 and 2023-24.

Social housing

The Chancellor announced that:

- Legislation will be updated to ensure that from 6 March 2024, registered providers of social housing in England and Northern Ireland are not liable for Stamp Duty Land Tax (SDLT) when purchasing property with a public subsidy and public bodies will be exempted from the 15 per cent anti-avoidance rate of SDLT. (*Page 76, paragraph 5.69*)

LGA view:

- This is a welcome announcement and will reduce the costs for registered providers of social housing when they are acquiring new properties to meet the needs of their communities.

Community housing

The Chancellor announced that:

- The government is announcing investment of £20 million in a social finance fund to support the development of community-led housing schemes over ten years, subject to a business case. *(Page 75, paragraph 5.60)*

LGA view

- This additional funding will help to support more people and communities to play a leading role in developing their own affordable housing solutions, as well as supporting overall housing supply.

Housing

The Chancellor announced that:

- Barking – The government is announcing investment of £124 million at Barking Riverside to unlock 7,200 homes. (*Page 74, paragraph 5.58*)

- Canary Wharf – The government is announcing investment of £118 million to accelerate delivery of the Canary Wharf scheme. This will deliver a life sciences hub, commercial and retail floor space, a healthcare diagnostic facility and up to 750 homes. (*Paragraph 74, paragraph 5.59*)

- Leeds Vision Document – Alongside Spring Budget, the government is publishing its vision for transforming Leeds, to unlock 20,000 new homes. (*Page 75, paragraph 5.61*)

- 5.62 Euston Housing Delivery Group – The government is establishing the Euston Housing Delivery Group with £4 million to support plans to deliver up to 10,000 new homes. (*Page 75, paragraph 5.62)*

- Cambridge – The government is setting out its ambitious plan to grow the economy of the city and deliver new homes by 2050. Alongside this, Spring Budget confirms the future development corporation in Cambridge will receive a long-term funding settlement at the next Spending Review. The government is providing an additional £7.2 million to unlock improvements to local transport connections between the Cambridge Biomedical Campus and the city, and making £3 million available for Cambridge University NHS Trust to support plans for growth. The government is also on track to deliver a set of water saving measures which if delivered as planned could unlock more than 9,000 homes in the Cambridge area, as confirmed in the Joint Statement from Defra, DLUHC and the Environment Agency that is published today. (*Page 75, paragraph 5.63*)

LGA view

- Additional funding to enable new housing and other infrastructure delivery in specific areas across the country is welcomed. We have called for the Government to go further and roll-out five-year local housing deals to all areas of the country that want them by 2025 – combining funding from multiple national housing programmes into a single pot. This will provide the funding, flexibility, certainty and confidence to stimulate housing supply, and remove national restrictions which stymie innovation and delivery.

Abolishing the Furnished Holiday Lettings tax regime

The Chancellor announced that:

- The Government will remove the current incentive for landlords to offer short-term holiday lets rather than longer-term homes by abolishing the Furnished Holiday Lettings (FHL) tax regime. This will level the playing field between short- term and long-term lets and support people to live in their local area. This will take effect from April 2025 and draft legislation will be published in due course. *(Page 47, paragraph 3.29)*

LGA view

- The number of short-term lettings in England has increased significantly in recent years but certain areas are impacted more. This has led to some distortion of the accommodation market in those places affected and priced-out local families and local employees.

- Previous announcements to introduce a registration scheme and a change in use class for short-term lets are a welcome step towards giving councils the right tools to secure a balanced mix of accommodation in their areas. This new announcement is a further step to help councils deliver this, but the impact must be monitored to ensure multiple interventions do not unduly limit short-term lets for work, holiday, and other purposes, which remain an important element of the accommodation market.

Planning capacity

The Chancellor announced that:

- The Government will match industry-led funding of £3 million for planning capacity and resourcing in the next Spending Review period. *(Page 75, paragraph 5.65)*

LGA view

- This announcement is a welcome addition to other ongoing initiatives, such as the LGA's Pathways to Planning programme, in helping to address ongoing planning capacity challenges. To ensure that we have an effective planning system that supports the delivery of the crucial housing and infrastructure needs of our communities, it is vital that local planning authorities are well-resourced and have the right skills in place.

Planning performance

The Chancellor announced that:

- The Government is publishing the consultation on the proposed design of the new accelerated planning service as well as new measures to constrain the use of extension of time agreements and identifying local planning authorities who are using these excessively. (*Page 77, paragraph 5.83*)

LGA view

- The consultation proposes a new Accelerated Planning Service for major commercial applications, where applicants would pay a higher fee to the local authority in exchange for a faster application determination, and a guaranteed refund if a determination is not made on time. We will be working through the practicality and feasibility of the proposed approach and will respond to the consultation. We have concerns about proposals to constrain the use of extension of time agreements. These can be beneficial in allowing more time for the consideration of unforeseen issues raised during the application process and enable amendments to schemes to make it acceptable when otherwise it would not be.

Nutrient neutrality

The Chancellor announced that:

- The Government is launching round 2 of the Local Nutrient Mitigation Fund, which will support delivery of 30,000 homes by 2030 that would otherwise be stalled due to high levels of nutrient pollution. *(Page 47, paragraph 3.27)*

LGA View

- The LGA welcomed the Nutrient Mitigation Fund when it was first announced, and it is good to see that support to councils is continuing with a second round. This must be followed up by doubling-down on long-term action to protect rivers with a focus on reducing pollution at the source.

Expanding the Long-Term Plan for Towns

The Chancellor announced that:

- The Government is announcing £400 million of investment to extend the Long-Term Plan for Towns to a further twenty places across the UK. This provides places with ten years of endowment-style funding and support worth up to £20 million to invest in communities and regeneration (*Page 83, paragraph 5.140*)

LGA view

- This extension of the scheme will bring benefits to those 20 places that will receive additional funding. Inclusive economic prosperity and growth is a priority for all councils. We want to work with Government so that all areas will be able to deliver more for their towns, cities, local communities, and businesses through a single, flexible, and fully devolved long-term funding pot.

Devolution

The Chancellor announced that:

- North East "Trailblazer" Devolution Deal – Following commitments in the previous North East Level 3 devolution deal announced in December 2022, the government has agreed a deeper "trailblazer" devolution deal with the North East Mayoral Combined Authority. *(Page 83, paragraph 5.134)*

- Level 2 Devolution Agreements – At Autumn Statement 2023, the government offered Level 2 devolution powers to some councils which cover a whole county or functional economic area. The government has finalised the first of these agreements with Surrey County Council, Buckinghamshire Council and Warwickshire County Council. *(Page 83, paragraph 5.136)*

- Annex to Memorandum of Understanding (MoU) for the "Trailblazer" Single Settlements with Greater Manchester and West Midlands Combined Authorities – At Autumn Statement 2023, the government published an MoU on the single settlements for Greater Manchester and West Midlands Combined Authorities, outlining how the settlements will operate and be implemented at the next Spending Review. The government has published an annex to this MoU setting out further detail on spending controls, the approach to formulae, and the outcomes framework. (*Page 83, paragraph 5.139*)

LGA view

- Today's announcements on devolution deals support our calls for devolution deals to go further for all council areas. Different councils have been seeking different arrangements and we therefore welcome progress on the different types of deals in today's announcements.

- The trailblazer deal in the North East supports our long-held calls for an end to the fragmentation of government funding and the bringing together of single place-based budgets aligned to local priorities.

- It is positive to see further devolution unlocked for more places, including to those parts of the country outside cities. We continue to support the ambition that every area in England can secure a devolution deal that works for them and their residents, without the need for a lengthy process of negotiation or local governance reform.

- Further detail on the single settlements for Greater Manchester and the West Midlands Combined Authorities is an encouraging sign and echoes our call for a radical re-investment in local devolution, drawing on the lessons of Total Place, Whole Place Community Budgets and similar programmes to reform public services and better align scarce resources with the needs and aspirations of local communities.

Investment Zones and Freeports

The Chancellor announced that:

- Investment Zones next steps – The Government has announced further details on Investment Zones in Greater Manchester, Liverpool City Region, North East of England, South Yorkshire, West Midlands and West Yorkshire. The Government has also confirmed that the Tees Valley Investment Zone will focus on the digital and creative sectors. Further details on the Tees Valley and East Midlands Investment Zones will be announced shortly. *(Page 82, paragraph 5.130)*

- Freeport tax reliefs sunset date extension – The tax reliefs available in Freeport tax sites are being extended from five to ten years, until September 2031 in England, and September 2034 in Scotland and Wales. *(Page 82, paragraph 5.132)*

- Investment Opportunity Fund prospectus – The government has published the prospectus for the Investment Opportunity Fund. The prospectus sets out the details on how the fund will support investment into Freeports and Investment Zones across the UK (*Page 82, paragraph 5.133*)

LGA view

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

- It is good to see continued progress and further investment in Freeports.

Levelling up for culture

The Chancellor announced that:

- Support for culture and investment in the West Midlands – The government has announced £15 million of funding for the West Midlands Combined Authority to support culture, heritage and investment projects in the region, subject to a business case. This will provide £10 million of funding to support culture and heritage projects, and £5 million to drive inward investment in the region. *(Page 83, paragraph 5.137)*

- Levelling up culture projects – The government is confirming the allocation of £100 million of funding for culture projects (subject to business case), recognising the important role that culture and pride in place have to play in levelling up. This will support a combination of nationally significant cultural investments such as the British Library North in Leeds, National Railway Museum in York, and National Museums Liverpool, as well as the development of cultural projects in places previously prioritised for levelling up investment but which have not to date received levelling up funding, including in High Peak, Redditch and Erewash. DLUHC will publish a full list and explanation on gov.uk. *(Page 84, paragraph 5.144)*

LGA view

- We are pleased to see the confirmation of Levelling Up funding for culture and further investment in the West Midlands Combined Authority's cultural offer. Investment in cultural infrastructure drives local economic growth, reduces spend on acute health and wellbeing services, drives educational outcomes, and improves quality of life for people across the country. As the LGA's Commission on Culture and Local Government highlighted, access to culture is not evenly distributed across the nation and measures to address this challenge are very welcome.

- However, capital spend should be matched with revenue funding to ensure the long-term sustainability of these services. Councils remain the biggest public funder of cultural services, spending over £1 billion a year, but this core revenue funding for culture reduced by over 40 per cent in the 10 years leading up to the pandemic because of pressures on council budgets and rising demand for statutory services. A recent LGA survey found that around half (48 per cent) of councils would need to make cost savings within their library services this financial year and over a third (34 per cent) reported the need for cost savings in their provision of museums, galleries, and theatres because of budgetary pressures.

- There is no substitute for a long-term, sustainable, multi-year funding settlement for councils, to ensure they can continue to invest in these important neighbourhood services and cultural infrastructure, setting the context for thriving, vibrant places in which to live and work.

Creative industries

The Chancellor announced that:

- Business rates: Film Studios Relief – Eligible film studios in England will receive a 40 per cent reduction on gross business rates bills until 2034. The relief will be implemented as soon as possible, and bills will be backdated to 1 April 2024. This is a tax cut worth around £470 million over the next 10 years. Studios will remain eligible for Improvement Relief.

English Local Authorities will be fully compensated for the loss of income as a result of this relief and will receive new burdens funding for administrative and IT cost. (*Page 81, paragraph 5.114*)

- Theatre Tax Relief (TTR), Orchestra Tax Relief (OTR) and Museums and Galleries Exhibitions Tax Relief (MGETR) – Theatre Tax Relief (TTR), Orchestra Tax Relief (OTR) and Museums and Galleries Exhibitions Tax Relief (MGETR) – From 1 April 2025, the rates of TTR, OTR and MGETR will be permanently set at 40 per cent (for non-touring productions) and 45 per cent for touring productions and all orchestra productions. The sunset clause for MGETR will be removed. *(Page 81, paragraph 5.116)*

LGA view

- Government has listened to our calls to make permanent the higher rates of theatre, orchestra, and museums and galleries tax reliefs. Cultural organisations are facing significant challenges because of rising costs and pressures on local authority funding. Tax reliefs have been particularly useful for those local authority museums which are operated by a trust or other charitable entity.

- We particularly welcome the removal of the sunset clause on the Museums and Galleries Exhibitions Tax Relief (MGETR), which the LGA has long argued for and which will provide longer term certainty to the sector. The commitment to compensate councils for the loss of income and new burdens funding for administrative and IT costs is also welcome.

Supporting people into work

The Chancellor announced that:

- At Autumn Statement 2023, the Government announced a new Back to Work Plan to expand employment support for the long-term sick and disabled, and the long-term unemployed. *(Page 46, paragraph 3.19)*

- Extending Additional Jobcentre Support (AJS) pilots and introduction of new claimant commitments – The Government is extending the duration of the current AJS pilot, currently live in 90 Jobcentres in England and Scotland, for a further 12 months. *(Page 74, paragraph 5.56)*

LGA view

- Local government understands the needs of long-term unemployed people, including those with health conditions, and has a track record in supporting them, through the services they run or commission and their links into the voluntary and community sector and other partners.

- Councils can and should play a key role in helping deliver initiatives set out in the Back to Work Plan at the Autumn Statement 2023. For these to be a success and for residents to be effectively supported into good jobs, we need far more place based collaboration between different partners including the separate Jobcentre Plus pilots announced, and encourage a Work Local approach to deliver more integrated and devolved employment and skills services.

Right Care, Right Person

The Chancellor announced that:

- The Government has already made significant progress in driving greater productivity and efficiency across the public sector, including: Undertaking the Policing Productivity Review – identifying reforms that could save up to 1,000,000 police officer hours in England each year through improving how police and health agencies respond to health incidents. *(Page 31, paragraph 2.19)*

LGA view

- The LGA support the aim of 'Right Care, Right Person' that the needs of people experiencing mental health crisis should be addressed by the most appropriate service, and this may not always be the Police.

- We are concerned that police will introduce the approach without having agreed a process with local partners and understood the implications for councils.

- Councils, health services and the police all have statutory responsibilities to people experiencing mental health crisis and in relation to safeguarding, and 'Right Care, Right Person' needs to be implemented in a managed way with councils and other partners to minimise the risk to members of the community, particularly children and young people and adults needing care and support.

Violence Reduction Units

The Chancellor announced that:

- The Government is committing £75 million over three years from 2025 onwards to expand the Violence Reduction Unit model across England and Wales, supporting a prevention-first approach to serious violence. Violence Reduction Units enable local public services such as health boards, schools and police leaders to coordinate their joint strategy to tackle serious violence among young people, preventing violent crime and reducing burdens on healthcare, schools and criminal justice. *(Page 37, paragraph 2.25, section 3)*

LGA view:

- Violence Reduction Units are a valuable resource in reducing serious violence and crime, therefore the additional funding for VRUs is welcome. As not all areas have benefited from the rollout of VRUs previously, expanding the model and providing multi-year funding settlements will assist councils and local partners agencies in tackling violent and serious crime.

Support for victims and survivors of domestic abuse

The Chancellor announced that:

- Private Law Pathfinder Pilot – The government will improve the experiences of the courts for victims and survivors of domestic abuse through the Private Law Pathfinder Pilot. This will identify needs earlier and provide specialist support to victims and survivors of domestic abuse. *(Page 69, paragraph 5.10)*

- Stamp Duty Land Tax: First Time Buyers' Relief for nominee purchasers – From 6 March 2024, the rules for claiming First-Time Buyers' Relief from Stamp Duty Land Tax in England and Northern Ireland will be amended so that individuals buying a leasehold residential property through a nominee or bare trustee will be able to claim First-Time Buyers' Relief, including victims of domestic abuse. *(Page 76, paragraph 5.70)*

LGA view

- We welcome the announcement of specialist support to victims and survivors of domestic abuse. However, further clarity on how much funding, when and how it will be allocated is needed.

- The expansion of first-time buyers relief to victims of domestic abuse is welcome, though the LGA understands that many will not have access to the funds to purchase a new home. Where victims wish to remain in their homes and it is safe for them to do so, the Government should consider what more can be done to facilitate moving perpetrators out rather than the victims.

- As funding for councils to provide victims with emergency accommodation under the Domestic Abuse Act 2021 comes to an end in March 2025, additional clarity is needed on what funding will be available in future.

Electricity Grid Reform

The Chancellor announced that:

- The Government will implement a new stringent connections process from January 2025 and work with the Electricity System Operator to outline further interim reforms to the grid queue process by summer 2024. The government will establish the National Energy System Operator in 2024, and will publish new community benefits guidance by June. *(Page 77, paragraph 5.85)*

LGA view

- The LGA welcomes the commitment to Electricity Grid Reform and urges the Government to proceed without delay. Increasingly a lack of connection capacity to the local electricity network is holding back development and/or renewable energy generating projects.

- For the UK to meet its 2050 Net Zero target, demand for electricity will likely double (300TWh to 600TWh) and we require electricity generated from renewables to increase fivefold. This will put significant pressure on the transmission and distribution network which needs addressing urgently. The LGA welcomes the announcement of the Regional Energy Strategic Planners, but these will only be successful with significant engagement with councils.

Vaping Products Duty

The Chancellor announced that:

- The Government will introduce a new duty on vaping products from 1 October 2026, with registrations for the duty opening from 1 April 2026. A 12-week consultation will be published on the policy design and technical details alongside the Spring Budget. The government will also introduce a one-off tobacco duty increase of £2.00 per 100 cigarettes or 50 grams of tobacco from 1 October 2026. *(Page 71, paragraph 5.31)*

LGA view

- The LGA has long been calling for strong action to making vaping products less affordable to minors. We are pleased by the Chancellor's announcement to introduce a new vape excise duty.

- Proceeds from the excise duty should be specifically targeted for environmental, public health and enforcement purposes provided by local councils. A new vape duty could help fund enforcement work to crackdown on the sale of illicit products or on rogue sellers willing to supply them to children and would go some way to ensure that more data on who sells and supplies vaping products are required to comply with some reporting requirements and the numbers supplied legally into the UK.

- There is an important balance to be struck in making sure that cigarettes remain taxed at a higher level than vapes, which can be a useful tool to cut smoking.

- Whilst a new duty is welcome, we continue to highlight that local authority trading standards teams have seen a significant reduction to core budgets over recent years, and continue to face acute staff shortages, whilst also seeing the number of enforcement responsibilities increase through new legislation on a range of different Government priorities.

Local Government Pension Scheme

The Chancellor announced that:

- Across the pensions industry as a whole, the best data suggests investment into UK equities has fallen to around 6 per cent. To improve data on current holdings, the government intends to bring forward requirements for Defined Contribution pension funds to publicly disclose the breakdown of their asset allocations, including UK equities, working closely with the Financial Conduct Authority (FCA) who share responsibility for setting requirements for the market. The FCA will consult in the spring. The government will introduce equivalent requirements for Local Government Pension Scheme (LGPS) funds in England & Wales as early as April 2024. The government will review what further action should be taken if this data does not demonstrate that UK equity allocations are increasing. *(Page 57, paragraph 4.28)*

- Local Government Pension Scheme new reporting requirements – Revised annual reporting guidance will require LGPS funds to provide a summary of asset allocation, including UK equity investment, as well as provide greater clarity on progress of pooling, through a standardised data return, taking effect from April 2024. *(Page 79, paragraph 5.104)*

LGA view

- The Local Government Pension Scheme Advisory Board (SAB) Secretariat Team, which is provided by the LGA, has worked through the SAB's Compliance and Reporting Committee (a Committee established jointly with the Chartered Institute of Public Finance and Accountancy (CIPFA)) to update CIPFA's 2019 "Preparing the Annual Report" guidance.

- The new guidance will be published shortly and will apply to Local Government Pension Scheme fund annual reports for the 2023/24 year onwards, on a "best endeavours" basis for the first reports to be covered by the guidance, which are due to be published by 1 December 2024.

- The new guidance will require funds to provide a supplementary table in their annual report which will summarise their UK asset allocation, including UK equity investment, and provide more clarity on the fund's progress with pooling.

- Given its role in coordinating the drafting of the new guidance, the LGA welcomes the inclusion of this data in fund annual reports and hopes that it will lead to more standardised reporting across the LGPS.

- We understand that the Department for Levelling Up, Housing and Communities (DLUHC) will establish a working group to look at barriers and solutions to increasing investment in new children's homes from the LGPS. The LGA pensions team will work with DLUHC to ensure the working group includes appropriate representation and will support it as necessary going forwards.