

Government and Other Announcements

Spring Budget March 2017

1. On 8 March 2017, the Chancellor of the Exchequer, Philip Hammond made his 2017 Budget announcement. Forecasts for economic growth were revised downwards due to the uncertainty of the UK leaving the European Union. Forecast growth for 2017 was reduced from 2.2% to 2.0% and from 2.1% to 1.6% for 2018 and 1.7% in 2019.
2. The 2016 Autumn Statement established the National Productivity Investment Fund (NPIF) to provide over £23 billion of high-value investment between 2017-18 and 2021-22. The NPIF will be invested in Digital Infrastructure, Full-fibre broadband, 5G, Transport, R&D, Industrial Strategy Challenge Fund, Talent Funding, and Global research talent.
3. Included in the NPIF is £690m of local transport funding which will be competitively allocated to local authorities, with £490m made available by early autumn 2017. The Council submitted two bids for this funding by the deadline of 30 June 2017.
4. Budget deficit forecasts were reassessed in the light of infrastructure investment and the abandonment of the 2020 target. The OBR forecasts that the current account deficit will narrow, to 3.5% of GDP in 2017, 3.2% of GDP in 2018, 2.6% of GDP in 2019, 2.2% of GDP in 2020 and 2.0% of GDP in 2021. This forecast includes the plan to see a saving of £3.5bn from public spending by 2019-20 supported by the Efficiency Review.
5. An additional £2bn of grant funding was announced for Adult Social Care. The funding will be made available to local authorities over the next three years with £1bn in 2017/18, £674m in 2018/19 and £337m in 2019/20. The funding will be pooled in the Better Care Fund (BCF) but will be for councils to spend on unmet pressures on older people and stabilising the care market.
6. The Council received an allocation of £6.3m for 2017/18 and the use of this additional funding was approved through the Financial Monitoring Report to Cabinet on 18 July 2017.
7. The Budget statement detailed that the Health and Communities Secretaries will announce measures to identify and support authorities struggling with delayed discharges and to ensure more joined up working with the NHS. In the longer term, the government will set out options for the future financing of Social Care in a Green Paper later this year.

General Election and Queen's Speech

8. In April 2017 the Prime Minister, Theresa May, announced that a general election would be held on the 8 June 2017. The Conservative party failed to win a majority in the election and Theresa May formed a minority government with the support of the Democratic Unionist Party.

9. A cabinet reshuffle occurred after the election however changes were minimal. Philip Hammond and Sajid Javid remained in their roles of Chancellor of the Exchequer and Secretary of State for Communities & Local Government.
10. On 21 June 2017 the Queen announced the Government's legislative programme for the 2017-19 parliamentary session in the Queen's Speech. As announced by the Leader of the Commons, Andrea Leadsom, the next parliamentary session is to be doubled in length to two years to allow MPs to scrutinise substantial amounts of legislation regarding the UK's withdrawal from the European Union.
11. The Queen's Speech recognised that there was a message from voters about how the economy should be run. However, the priority is still the eradication of the deficit. The Government will reduce the structural deficit to less than 2% of GDP and get debt falling as a percentage of GDP by 2020/21.
12. There does not appear to be an end to austerity which parts of the Conservative party had alluded to since the General Election result. There were no new investment spending announcements or signs of increased Government spending.
13. The Government will be bringing forward proposals for consultation to build widespread support for any changes to the social care system. The Government will work with partners of all levels, including those who use services and who provide care and will then bring forward proposals for a public consultation. The consultation will set out options to improve the social care system and put it on a more secure financial footing as well as improve the quality of care and the variation of practice.
14. The Queen's Speech made no mention of Grammar Schools however it did cover the National Funding Formula consultations and the Government's continued commitment to making the distribution of schools funding fairer. The Government will continue to enforce the conversion of failing maintained schools into academies.
15. The Queen's Speech failed to cover the Local Government Finance Bill (100% Business Rates Retention). Prior to the election the Bill had been introduced to parliament however, the Bill had not progressed enough so was scrapped and needed to be reintroduced.
16. This does not mean that the move towards 100% Business Rates Retention needs to stop. A representative from DCLG stated that "Ministers remain committed to local government taking greater control of their income, as outlined in the Manifesto". Many of the changes can be done under the current legislation, for example the Small Business Rate Multiplier can be capped at CPI, the levy can be set to 0% and the local share can be set at any value, including 0%.
17. There are a handful of measures that would not be able to go ahead without new legislation including the new power for the Secretary of State to designate pools. The lack of new legislation would also mean that it may not be possible for combined authority areas to set a different, lower, multiplier.

18. On 1 September 2017, the Department for Communities and Local Government (DCLG) published an invitation for local authorities to pilot 100% business rates retention in 2018/19 and to pioneer new pooling and tier split models. Applications need to be submitted by 27 October 2017. Due to affordability constraints, the government will assess applications against the following selection criteria:
- Proposed pooling arrangements operate across a functional economic area (i.e. the county council(s) and all relevant district councils; groups of unitary authorities; or groups of county councils, all their districts and unitaries);
 - Because they were not included in the 2017/18 pilot scheme, the Government is particularly interested in piloting in two-tier areas;
 - The proposals would promote the financial sustainability of the authorities involved; and,
 - There is evidence of how pooled income from growth will be used across the pilot area.