The Chancellor's Autumn Statement 29.11.11

Key points for Oxfordshire CC

1. *We will set public sector pay awards at an average of 1% for each of the two years after the pay freeze ends*. **Lower pay will reduce the Council's costs but be seen as a negative by Council staff. However the bullet below suggests that funding maybe reduced overall leaving authorities no better off.**

2. *Departmental budgets will be adjusted in line with the pay rises I have announced, with the exception of the NHS and the school budgets – where the money saved will be retained in order to protect those budgets in real terms*.

3. *I can also announce that we are asking the independent Pay Review Bodies to consider how public sector pay can be made more responsive to local labour markets – and we will ask them to report back by July next year (page 63)*. **This may mean varying pay for teachers, say, across the country.**

4. *The Government does not control pay awards within local government or the devolved authorities; budgets will be adjusted on the assumption of comparable action being taken and in line with devolved funding principles*. (page 47). **Supports the previous comment…**

5. *Total Managed Expenditure will fall (during 2015/16 and 2016/17) by 0.9% a year in real terms – the same rate as set out for the existing period of the Spending Review, with a baseline that excludes the additional investments in infrastructure also announced today*. **This gives us an indication of funding after the end of the current Spending Review period which will continue to be challenging for local services.**

6. *So starting in the year 2026, we will increase the State Pension Age from 66 to 67 – so we can go on paying a decent pension to people who are living longer*. **This may reduce pressure on the Pension fund, if the new local government pension scheme aligns with the state pension age. But is likely to be seen as a negative by Council staff.**

7. *We're already doubling the period before an employee can bring an unfair dismissal claim and introducing fees for tribunals. Now we will call for evidence on further reforms to make it easier to hire people, including:*
    a. *Changing the TUPE regulations;*
    b. *Reducing delay and uncertainty in the collective redundancy process;*
    c. *And introducing the idea of compensated no fault dismissal for businesses with fewer than ten employees.*

    TUPE changes will affect transfers to the private sector, other changes will impact HR processes and procedures.

8. *So today, with the savings we've made, I am providing an extra £1.2 billion – as part of the additional investment in infrastructure – to spend on our schools. Half of this will go to help Local Authorities with the greatest basic need for school places. The other*

£600 million will go to support my RHF's reforms – and will fund 100 additional free schools. **Effects on Oxfordshire are not yet clear.**

9. New rail link between Oxford, Bicester, Aylesbury, Milton Keynes and Bedford the Government will continue to implement the Intercity Express Programme, which will deploy new trains to run on the Great Western and East Coast Main Lines, with electric services to Bristol, Oxford and Newbury commencing in 2016. **This is announcement about East West rail is very positive as OCC has been lobbying on this issue.**

10. Infrastructure – two key announcements which support major infrastructure developments. One relates to Tax Increment Financing (TIF) on which details are yet to emerge. The other is a Memorandum of Understanding with two groups of UK pension funds to support additional infrastructure investment and establish an Insurer's Infrastructure Investment Forum. The Government aims to raise up to £20bn of investment from these initiatives (see page 31 of the main document for more info). **It is not clear at the moment if this affects the local government pension fund.**

11. Further details on using business rates for TIF will be set out in the Local Government Resource Review in December 2011 (page 56 of the main document). **May provide additional details of these proposals in the near future.**

12. *Support new development, which could include modern garden cities, urban and village extensions. The Government will invite proposals from developers and local authorities for new developments which have clear local support* (page 35 of the main document). **May encourage local development.**

13. *Road Pinch Point fund – The Government will provide additional funding of £220 million for smaller projects which will ease local bottlenecks and improve safety and road layout. This fund will also invest in driver information, signage and closed-circuit television, to improve incident clear up times and assist road users, particularly road hauliers* (page 54 of the main document). **May provide additional funding locally.**

14. *Local transport – The Government will invest an extra £50 million to be distributed to all local transport authorities outside London through the Integrated Transport Block*. (page 55 of the main document). **May provide additional funding locally.**

15. *Low carbon emission buses – The Government will invest £25 million to help bus companies and local authorities in England buy new low carbon buses*. (page 55 of the main document). **May provide additional funding locally.**

16. *The Government today launched an industry-led task force to promote use of fuel efficient, low emission road freight technologies. This will help to broker successful engagement between industry, Local Enterprise Partnerships (LEPs) and local authorities on trialling and implementing measures that support the use of low emission technologies and behaviours at minimal burden to the industry* (page 56, main document). **May provide additional funding locally.**

17. *The Government will provide approximately £15 million to fund up to six pilot Rural Growth Networks to demonstrate how local authorities and LEPs can use the planning regime and targeted infrastructure investment to support economic growth in rural areas. This includes £2 million over the next three years to support rural enterprises*

led by women, particularly in Rural Growth Networks (page 64 main document). **A possibility…**

18. *We're undertaking major simplification of the tax code for businesses and individuals, including this autumn consulting on ideas to merge the administration of income tax and national insurance*. **This should simplify payroll arrangements.**

19. *The plan was for fuel duty to be 3 pence higher in January and 5 pence higher by August next year. That would be tough for working families at a time like this. So despite all the constraints that are upon us, we are able to cancel the duty increase planned for January and for fuel duty from August to be only 3 pence higher than it is now*. **Slightly reduces our costs.**

20. **There is a business rate relief holiday but this is unlikely to affect us.** It ends in April 2013 which is when business rates relocalisation could be introduced. 60% of the increases in next year's business rates can be deferred. **This may well affect our costs.**

21. *I can tell the House today that we can double the number of children who will receive free nursery care*. **Providing more free nursery places may have an impact on our schools.**

Other announcements

Pensions and welfare

- The standard minimum income guarantee in Pension Credit will increase by 3.9% in April 2012. This will be paid for by an increase in the threshold for Savings Credit in April 2012.
- Working age benefits, disability elements of tax credits and the child element of child tax allowance will all be increased by 5.2% (from April 2012) in line with September's CPI figure

Infrastructure, Enterprise and Growth

- Plans to extend the Enterprise Finance Guarantee (EFG) from January 2012 to include businesses with up to £44 million annual turnover, and a number of new lenders will be accredited to offer EFG lending. (The EFG facilitates bank lending to SMEs that cannot usually access a secure commercial loan)
- The current small business rate relief holiday will be extended for a further six months from 1 October 2012. Business will also be able to defer 60% of the increase in their 2012/13 to be repaid across the following two years
- A National Loan Guarantee Scheme will be introduced enabling businesses with a turnover of less than £50m to borrow at closer to the rates the government can borrow at. This is likely to reduce by 1% the interest charged to these companies
- A £1bn Business Finance Partnership aimed at medium sized businesses will also be launched
- National Infrastructure Plan launched which outlines 500+ projects the government wants to see built over the next decade and beyond, equating to a £5bn investment in capital projects. This includes support for the East-West rail project between Oxford and Bedford and electric services to Oxford to begin from 2016
- Plans to work with UK pension funds to unlock additional capital investment – unclear at the moment whether local government pension scheme is to be involved
- Increase in the Regional Growth Fund by £1bn

- 50% reduction in income tax for anyone investing up to £100,000 in a qualifying new start up business
- Train fare increases will be limited to RPI plus 1% rather than the expected 3%
- Petrol prices – increase in duty of 3p to be postponed until August

Housing

- Mortgage indemnities to help 100,000 families buy newly built homes (announced as part of the Housing Strategy)
- A re-vamp of the Right to Buy scheme – families in social housing will be able to buy their home at a discount of up to 50%

The national economy and public finances

The independent Office for Budget Reform (OBR) now expects economic growth to be slower. They give three reasons for this:

- The crisis in Europe caused by the chronic lack of confidence in the ability of countries to deal with their debts;
- The 'external inflation shock' as there were unexpected rises in energy prices and global agricultural commodities; and
- That an even bigger component of the growth that preceded the financial crisis was an unsustainable boom, so the 'bust' was deeper and had a greater impact on our economy than previously thought.

This increases their estimate of the proportion of the deficit that is structural – in other words, the part of the deficit that doesn't disappear even when the economy recovers.

The OBR central forecast assumes that *'the euro area finds a way through the current crisis and that policymakers eventually find a solution that delivers sovereign debt sustainability'.* If this does not happen, OBR say that there could be a *'much worse outcome for Britain'.*

For further information visit:

http://www.hm-treasury.gov.uk/as2011_documents.htm

National Infrastructure Plan

http://www.hm-treasury.gov.uk/national_infrastructure_plan2011.htm