



DISTRICT COUNCILS' NETWORK

Innovative and collaborative
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DCN Briefing – Autumn Statement 2016

This briefing sets out the immediate factual headlines in relation to the key announcements made in today's Autumn Statement that impact on districts. The DCN has also attached the 'on the day response' that it issued as a press statement immediately after the autumn statement in **Annex A**. As ever the devil will be in the detail and therefore the DCN will be looking at the proposed measures in more detail over the coming days to assess their impact on district councils.

Housing and Planning

The Autumn Statement has announced a new National Productivity Investment Fund (NPIF) which will add £23 billion in high-value investment from 2017-18 to 2021-22. The government will target this spending at areas that are critical for productivity: **housing**; research and development (R&D); and **economic infrastructure**.

A key element of the Autumn Statement **was an increased emphasis from right on increasing the overall supply of housing across of all types and tenures, with a particular focus on affordable housing**. As part of the NPIF the Government announced that it will be investing an additional £1.4 billion to the existing Capital Grant fund to enable 40,000 more affordable homes to be built and that this will cover all forms of tenures including affordable rent, shared ownership and rent to buy.

Additionally **a new Housing Infrastructure Fund of £2.3 billion by 2020-21 has been established which will be funded by the NPIF and allocated to local government on a competitive basis**. The focus will be on unlocking new private house building in the areas where housing need is greatest. This will deliver up to 100,000 new homes. The government also committed to examining options to ensure that other government transport funding better supports housing growth.

The government will also **be publishing a Housing White Paper shortly** (we expect it will be before the end of the year), setting out a comprehensive package of reform to increase housing supply and halt the decline in housing affordability.

Letting agent fees ban on fees to tenants – DCLG will consult ahead of bringing forward legislation

Right to Buy – The government indicated it would fund a large-scale regional pilot of the Right to Buy for housing association tenants. Over 3,000 tenants will be able to buy their own home with Right to Buy discounts under the pilot.

Although not part of the Autumn Statement, the Government confirmed this week that they were **not going to proceed with the pay to stay policy**. In a written ministerial statement Gavin Barwell confirmed that *'powers were provided for in the Housing and Planning Act 2016 to introduce an income based rents policy, requiring local authorities to set higher rents for higher income council tenants. Since the summer, the Government has been reviewing this policy. We have listened carefully to the views of tenants, local authorities and others and as a result, we have decided not to proceed with a compulsory approach. Local authorities and housing associations will continue to have local discretion.'* The LGA and DCN has raised concerns about the implementation of the pay to stay policy previously and this represents a welcome announcement. As part of the announcement the Government also **reaffirmed their commitment to the mandatory use of fixed term tenancies for new tenants in local authority housing**

LHA rates in social housing – Again although not part of the Autumn Statement, the Government announced on Monday that the implementation of the cap on Housing Benefit and LHA rates in the social rented sector will be delayed by 1 year, to April 2019. The cap will be applied to all supported housing tenancies from April 2019, and the government will provide additional funding to Local Authorities, so that they can meet the additional costs of supported housing in their area

Business Rates

Changes to Business Rates relief announced were:

- a new 100% business rates relief for new full-fibre infrastructure for a 5 year period from 1 April 2017; this is designed to support roll out to more homes and businesses
- To remove the inconsistency between rural rate relief and small business rate relief the government will double rural rate relief to 100% from 1 April 2017

The DCN will continue to emphasise the importance of any business rate reductions being cost neutral for local authorities both now and in the move to 100% retention.

Devolution

The government will give mayoral combined authorities powers to borrow for their new functions, which will allow them to invest in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury. No formal devolution deals were announced as part of the autumn statement.

The government will also consult on lending local authorities up to £1 billion at a new local infrastructure rate of gilts + 60 basis points for three years to support infrastructure projects that are high value for money.

LEP Funding

The government announced it would award £1.8 billion to Local Enterprise Partnerships (LEPs) across England through a third round of Growth Deals. The breakdown is set out below

- £556 million of this will go to the North of England
- £392 million to LEPs in the midlands
- £151 million to the east of England
- £492 million to London and the south east
- £191 million to the south west.

Awards to individual LEPs will be announced in the coming months

Public Sector Finances

The Government confirmed that the spending review decisions made in Spending Review 2015 continue to apply.

Other key announcement impacting on districts

National Living Wage

The National Living Wage increase from £7.20 to £7.50 from April 2017

The National Minimum Wage will also increase:

- for 21 to 24 year olds – from £6.95 per hour to £7.05
- for 18 to 20 year olds – from £5.55 per hour to £5.60
- for 16 to 17 year olds – from £4.00 per hour to £4.05
- for apprentices – from £3.40 per hour to £3.50

Salary sacrifice –

The tax and employer National Insurance advantages of salary sacrifice schemes will be removed from April 2017, except for arrangements relating to pensions (including advice), childcare, Cycle to Work and ultra-low emission cars. This will mean that employees swapping salary for benefits will pay the same tax as the vast majority of individuals who buy them out of their post-tax income. Arrangements in place before April 2017 will be protected until April 2018, and arrangements for cars, accommodation and school fees will be protected until April 2021

Autumn Statement changes

To promote certainty and simplicity within the tax system, **the government intends to move towards having a single major fiscal event each year.** Following the spring 2017 Budget and Finance Bill, **Budgets will be delivered in the autumn, with the first one taking place in autumn 2017.** The OBR will produce a spring forecast from spring 2018 and the government will make a Spring Statement responding to that forecast.

Broadband

The government indicated it would invest over £1 billion by 2020-21, including £740 million through the NPIF, targeted at supporting the market to roll out full-fibre connections and future 5G communications. This will be delivered through:

- £400 million for a new Digital Infrastructure Investment Fund, at least matched by private finance, to invest in new fibre networks over the next 4 years.
- new 100% business rates relief for new full-fibre infrastructure for a 5 year period from 1 April 2017; this is designed to support roll out to more homes and businesses

Shale Wealth Fund

Following a consultation, the Shale Wealth Fund will provide up to £1 billion of additional resources to local communities. Local communities will determine how the money is spent in their area. The DCN will be seeking clarity as to how local communities is defined and determined

Annex A



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Media information

For immediate release

23.11.16

Press Statement

District Councils' Network responds to Autumn Statement 2016

In response to today's Autumn Statement announcement, Cllr Neil Clarke MBE, chairman of the District Councils' Network (DCN), said: "Philip Hammond has recognised the importance of housing as a national asset and driver of economic growth. However, delivery numbers have remained significantly lower than consents granted.

"The ambitious challenge of building 200,000 new homes a year remains, and districts are - and will continue to be - at the forefront of delivering the country's housing needs since they already enable one out of every two new homes.

"The Chancellor has demonstrated he is seeking fresh approaches to tackling the affordable housing challenge by bringing greater flexibility to the types and tenures that can be supported through the announced £1.4bn.

"The DCN has long lobbied for infrastructure funding to support housing growth and therefore welcomes the Chancellor's additional infrastructure funding to unlock barriers to housing delivery.

"The Housing White Paper will clearly be key and we will continue to work hard with ministers and officials to help shape it.

"The DCN has for some time now underlined the importance of the rural economy and consequently is delighted the Chancellor is providing support to rural businesses in the form of business rates relief to boost national productivity.

"To help rebalance the national economy, new mayoral borrowing powers granted to Combined Authorities, and further devolution of powers for adult education and employment support services to London and Greater Manchester, should be more widely available as part of devolution deals to other parts of England."

Notes to Editors:

The District Councils' Network is a member led network of 201 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provide a single voice for district councils within the LGA and to Central Government.

- The District Councils' Network was established in 2009 and works on behalf of all district councils nationwide.
- All district councils are represented on the Network's Assembly by council leaders nationwide.
- An elected group of leaders represent the district councils nationwide on 22-strong Member Board.
- A corresponding group of Chief Executives represent councils on the Chief Executives Group.

All enquiries

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