

## Autumn Statement Briefing 2016

Today the Chancellor of the Exchequer Phillip Hammond delivered his first Autumn Statement and set out the Government's spending priorities over the coming years.

One of the critical headlines for local government was that the Chancellor made no announcement on social care. We will await any further announcements in the Local Government Finance Settlement. Other key points from the Statement include the announcement of new measures around housing and infrastructure, as well as new borrowing powers for new mayoral combined authorities in England to reflect their new responsibilities. Additionally, the Government's commitment to increase National Living Wage and the National Minimum Wage from April 2017 will also add extra pressure on the sector.

You can read the statement from Solace President Jo Miller in response to the Autumn Statement [here](#) and statement from Martin Swales, Solace Spokesperson on Economic Prosperity and Housing, in response the announcements around housing and infrastructure [here](#)

### ECONOMY AND DEFICIT

- The government will no longer aim for a budget surplus by 2019, setting out new fiscal targets which aim for 2% underlying deficit and debt falling by 2020, and a balanced budget as soon as possible thereafter.
- Focus on addressing the productivity gap, the housing challenge, and the imbalance in economic growth and prosperity across the UK.
- Government will prioritise digital high value investment in infrastructure and innovation to raise productivity of UK, which will be funded through additional borrowing. Policies announced today will be funded by additional tax and spending measures

### ECONOMIC PROSPERITY AND HOUSING

#### Devolution

- The Government has published its strategy for addressing productivity barriers in the Northern Powerhouse; and approved a programme of major roads schemes in the north. The Midlands Engine strategy will follow shortly.
- Further investment in local infrastructure in every region of England: £1.8 billion from the Local Growth Fund to the English regions: £556 million to Local Enterprise Partnerships in the North of England, £542 million to the Midlands and East of England, and £683 million to LEPs in the South West, South East and London.
- Re-commitment to the Government's City deals with Swansea, Edinburgh, North Wales and Tay Cities, announcing the start of negotiations on a city deal for Stirling.
- New borrowing powers for new mayoral combined authorities in England to reflect their new responsibilities, whilst continuing discussions with London and the West Midlands on possible devolution of further powers.
- London to receive £3.15 billion as its share of national affordable housing funding to deliver over 90,000 homes. The Government will devolve to London the adult education budget, and giving London greater control over the delivery of employment support services.

**New National Productivity Investment Fund** to provide £23 billion of additional spending in areas that are key to boosting productivity: transport, digital communications, research and development (R&D), and housing.

### **Housing**

- £2.3 billion investment in a new Housing Infrastructure Fund for projects such as roads and water connections, aimed to support the construction of up to 100,000 new homes in the areas where they are needed most.
- Additional £1.4 billion to deliver 40,000 new affordable homes, including some for shared ownership and some for affordable rent.
- Extra £1.7 billion to speed up the construction of new homes on public sector land;
- A ban on letting agents charging fees to renters. The Government will consult on this shortly.
- Pay to stay policy will be dropped, as announced earlier this week. The policy, requiring higher-earning social housing tenants having to pay more in rent, would have applied to social housing residents in England, earning £31,000 or £40,000 in London.
- The Government has re-confirmed the Housing White Paper will be published in due course.

### **Transport**

- £390 million investment in future transport technology, including driverless cars, renewable fuels and energy efficient transport;
- A major new investment in transport infrastructure, as part of the National Productivity Investment Fund, aimed to reduce congestion and upgrade local roads and public transport, address road safety and congestion on Highways England roads, and develop an expressway connecting Oxford and Cambridge, and trialling railway digital signalling technology.
- National Infrastructure Commission asked to make recommendations for future infra needs of the country.
- Infrastructure funding for the devolved administration: Scotland, Wales and Northern Ireland will receive funding which can be spent on infrastructure projects, with each devolved administration deciding where this will be spent: an increase of over £800 million for the Scottish Government, over £400 million for the Welsh Government and over £250 million for the Northern Ireland Executive.
- Fuel duty will remain frozen for a seventh year in 2017.

### **Digital infrastructure**

- £1 billion investment in full-fibre broadband and trialling 5G networks, aimed to support the private sector to roll out more full-fibre broadband by 2020-21.
- From April 2017, the government will also provide a new 100% business rates relief for new full-fibre infrastructure for a 5 year period.

### **Research and development**

- £2 billion more per year in research and development funding by 2020-21 for universities and businesses, aimed to help attract businesses to invest in innovative research.

### **Welfare**

- The National Living Wage and the National Minimum Wage to increase from April 2017 for those aged 25 and over from £7.20 per hour to £7.50 per hour.
- The Universal Credit taper will be reduced from 65% to 63% from April 2017. In Universal Credit, the taper rate calculates the reduction in benefits as a person's salary increases
- Salary sacrifice schemes will be subject to the same tax as cash income from April 2017. Pensions, childcare, Cycle to Work and ultra-low emission cars will be exempt.
- Cracking down on pensions scams: A consultation before Christmas will look at ways to tackle pensions scams.

### **Business and enterprise**

- Commitment to cut corporation tax to 17% by 2020;
- £400 million through the British Business Bank to invest in growing innovative firms;
- Rural Rate Relief will increase to 100%;
- Over £10 million to support culture and heritage projects across the UK.

### **CIVIL RESILIENCE AND COMMUNITY SAFETY**

- £102 million of LIBOR fines collected from banks who break banking rules to fund emergency services charities and armed forces, including emergency service personnel; children's hospitals, air ambulances and emergency responders; and museums and memorials, over the next 4 years.

### **NEW BUDGET TIMETABLE**

#### **Move to 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 move to a single fiscal event will be made after the spring Budget in 2017. There will be a second Budget before the end of 2017 to switch to the new timetable, which will then be followed in future years.
- The Office for Budget Responsibility (OBR) is required by law to produce two forecasts a year. One of these will remain at Budget. The other will fall in the spring and the government will respond to it with a Spring Statement – the first coming in 2018. The government will retain the option to make changes to fiscal policy at the Spring Statement if the economic circumstances require it.
- From winter 2017, Finance Bills will be introduced following the Budget.
- Most measures proposed at a Budget will be subject to policy consultation in the spring and publication of draft legislation in the summer, before being legislated in the Finance Bill after the following Budget.
- From 2018 'Legislation day', when most tax policy consultation summaries and draft Finance Bill legislation have been published since 2011, will move to the summer from 2018.

**For further information, you can read the full statement by the Chancellor [here](#), summary of the key announcements [here](#), and the Economic and fiscal outlook – November 2016 published by the Office for Budget Responsibility [here](#)**