

Autumn Budget and Spending Review 2021

Statement

On 27 October 2021 the Chancellor of the Exchequer, Rishi Sunak, delivered his 2021 autumn budget and spending review statement where he announced a budget for a “stronger economy for the British people” that will prepare for a “new economy post Covid”. The government plans to “build back better” by “investing in strong public services, driving economic growth, leading the transition to net zero, and supporting people and businesses”, with levelling up being “at the heart of these plans”.

The spending review sets government departmental budgets for the period 2022/23 to 2024/25. Allocations for individual local authorities will not be known until the Provisional Local Government Finance Settlement in December 2021.

Key points of interest for local government

- Local government will be given £4.8Bn in new grant funding over the next 3 years (£1.6Bn in each year). This includes £200M for the Supporting Families programme, £37.8M for cyber security and £34.5M to strengthen local delivery and transparency.
- Additional funding will be made available for social care reform (£3.6Bn over 3 years to implement “the cap on personal care costs and changes to the means test”).
- £1.7Bn will be allocated over 3 years “to improve the wider social care system”. £500M of this will be made available to “improve qualifications, skills and wellbeing across the adult social care workforce”.
- Core Spending Power (CSP) will increase by £8.5Bn, over 3 per cent annually in real terms. However, this includes the funding for social care reform. Excluding the social care reform funding the increase is 1 per cent annually in real terms and this assumes the council tax increase limits set out below are applied.
- Local authorities are likely to be able to increase their council tax bills by 2 per cent without needing to hold a referendum and local authorities with social care responsibilities able to add a further 1 per cent to help fund the pressures in adult social care.
- The business rates multiplier will be frozen in 2022/23 for a second year running (instead of increasing by inflation). The frequency of business rates revaluations will be increased to every 3 years instead of every 5 years, starting in 2023. Further discounts and reliefs have been announced:
 - a new 50% business rates discount, up to a £110,000 per business cap, for eligible properties in the retail, hospitality, and leisure sectors, lasting for one year.
 - a new investment relief to encourage business to adopt green technology.
 - a new relief allowing businesses to make property improvements and pay no extra rates for a year.
 - Extension of the transitional relief for small and medium-sized businesses and the supporting small business scheme for 1 year.

Local authorities will receive full compensation for loss of income from these business rates measures.

- There has been no announcement about local government funding reforms (fair funding review or business rates retention changes) or the new homes bonus scheme.
- No new funding has been announced for ongoing COVID-19 pressures within local government.

- The public sector pay freeze will be lifted. It is worth noting that local authorities set their own pay increases, determined at national level negotiations, so this isn't directly impacted by the Government's announcement.
- The National Living Wage will increase from £8.91 an hour to £9.50 an hour from April 2022.
- The Office for Budget Responsibility forecasts inflation to reach 4 per cent in 2022 before reducing back down to the target 2 per cent by 2025.
- Schools are to receive an additional £4.7Bn funding by 2024/25, restoring per pupil funding to 2010 levels in real terms. There will be £2Bn of new funding to help schools and colleges recover from the pandemic and £2.6Bn to create school places for children with special educational needs and disabilities.
- £200M a year will be provided to continue the holiday activity and food programme.
- £170M will be provided by 2024/25 to increase the hourly rate paid to early years providers and £150M over 3 years has been reaffirmed to support training and development of the Early Years workforce.
- £259M will be provided to maintain capacity and expand provision in residential children's homes.
- The Public Health Grant will be maintained in real terms, including continuation of £100M to help people maintain a healthy weight and investing £66M in the Start for Life programme.
- £554M will be provided by 2024/25 for adult skills and retraining and £560M for the development of numeracy skills via the Multiply programme.
- £1.7Bn has been allocated in the first bidding round of the £4.8Bn Levelling Up Fund to invest in infrastructure in over 100 local areas across the UK.
- Up to £200M will be provided to deliver 8 Freeports in England.
- £850M is being invested for cultural and heritage infrastructure.
- £765M is being provided for football pitches, tennis courts and youth facilities, including £560M for youth services to fund 300 youth clubs.
- Investment in housing will total nearly £24Bn by 2025/26. £11.5Bn will be spent on 180,000 new affordable homes; £1.8Bn to build around 160,000 new homes, including £300M for unlocking brownfield sites; £5Bn to remove unsafe cladding partly funded by levy on property developers.
- £639M a year will be provided by 2024/25 to reduce rough sleeping, a cash increase of 85% compared to 2019/20.
- £5.7Bn has been allocated for London style integrated transport settlements for 8 English city regions. In addition, £2.6Bn will be spent on local roads upgrades; £2.7Bn for local roads maintenance; £5Bn invested for buses, cycling and walking; £35Bn invested in railways.
- Funding of more than £300 million will be provided to implement free, separate food waste collections in every local authority in England from 2025