



The Chancellor of the Exchequer has delivered the autumn budget statement. Detailed below are the main announcements that will impact upon local authorities. Click [here](#) for the budget documents and [here](#) for the Chancellor’s speech.

## KEY HEADLINES FOR LOCAL GOVERNMENT

- London business rate retention pilot - the government has agreed a 100% business rate retention pilot in London in 2018/19
- Business rates RPI to CPI indexation – this will happen from April 2018 and local government will be fully compensated for the loss of income. Council tax – power to raise empty property charge to 100% from 50%
- HRA borrowing cap (limited to £1bn nationally) will be lifted in areas of highest need but not until 2019/20 and will be based on a bidding process
- Changes to Universal Credit: 1 week reduction in waiting time; continuation of housing benefit for two weeks for claimants transitioning to universal credit.
- NHS – additional £2.8bn available over the next 3 years with £335m available immediately for this winter.

## NOT MENTIONED IN THE BUDGET

- No additional funding for Adult Social Care – the adult social care green paper has been pushed back to the summer of 2018
- No additional funding for Children’s Social Care
- No change to the funding formula for local government
- No commitment to fund essential fire safety works
- No action on the status of Temporary Accommodation within Universal Credit

## DETAIL

### Housing funding

- An additional £15.3bn of new financial support will be made available in total from the policies below for housing, creating a total of at least £44bn of capital funding over the next five years (including grant, loans and guarantees) to support the target of 300,000 net additional homes per year by mid-2020s.
- HRA borrowing caps can be lifted in areas of high demand to get councils building. Local authorities will be invited to bid for increases in their caps from 2019-20, up to a total of £1 billion by the end of 2021-22.
- The Budget confirms the extra £2bn promised by the Prime Minister in October for the Affordable Homes Programme.
- An additional £1.5bn will be put forward for the Home Building Fund to support SME builders.
- £630m small sites fund – to unlock 40,000 homes through investment in infrastructure and remediation.
- £2.7bn to more than double Housing Infrastructure Fund
- £400m of loan funding will be made available for estate regeneration
- £1.1bn for a new Land Assembly Fund to help unlock strategic sites – including new settlement and urban regeneration
- Government will explore options with industry to create £8bn of new financial guarantees for house builders and purpose built PRS
- £34m to develop construction skills by scaling up existing training models.
- The HCA will expand to become Homes England – bringing together money, expertise and planning and CPO powers to facilitate the delivery of new homes where they are needed.



### ***What it means for Croydon***

- The increase in funding will support progress towards the Council’s Local Plan target of 32,880 homes and the proposed minimum requirement of 30% of new homes on larger sites being affordable.
- The council expects to reach its borrowing cap in the next 12/18 months on the delivery of our core stock investment programme. Depending on the criteria this opportunity to bid for an increase in the head room could support the delivery of additional new affordable housing above that already planned
- There may be opportunities to further extend construction skills training so that Croydon residents are able to benefit from job opportunities created by the major construction projects in the town centre.

### **Local Housing Allowance**

- Government will increase the Targeted Affordability Fund by £125m (£40 million in 2018-19 and £85 million in 2019-20) in areas of greatest pressure.

### ***What it means for Croydon***

- This measure may ease the rate of migration of housing benefit claimants to Croydon from inner London and other areas with higher rents.

### **Homelessness**

- Government will provide £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector.
- The government will launch a new taskforce to advise it on its target to halve rough sleeping by 2022 and eradicate it by 2027. This is targeted at three regions outside London.

### ***What it means for Croydon***

- This funding provides an opportunity to bid for resources to reduce the loss of private rented accommodation, which is the largest cause of homelessness in Croydon. Given the relatively small social housing stock, the private rented sector remains the main option for people facing homelessness.

### **Grenfell Tower fire response**

- Local authorities are expected to undertake essential fire safety works. Councils should contact DCLG if they cannot afford to undertake essential work.

### ***What it means for Croydon***

- Croydon is spending £10m on the installation of sprinklers in blocks of flats with 10 or more storeys, reducing delivery of the decent homes programme. A bid for government funding was unsuccessful.

### **Empty properties**

- Government will legislate to allow local authorities to charge a 100% council tax premium on empty properties.

### ***What it means for Croydon***

- As legislation is required, there is no immediate impact. In due course this would bring in the region of £100,000 in additional revenue based on the current volume of empty homes.



### **Private rented sector**

- A consultation will be launched on barriers to landlords offering longer private rented sector tenancies, and how to encourage landlords to offer them.

### **Planning**

- Green belt protection will continue.
- Government will consult on policies to increase density in urban areas, including:
  - Minimum densities for housing development in city centres and around transport hubs
  - Greater support for the use of compulsory purchase powers for site assembly
  - Support the conversion of empty space above high street shops
  - Making it easier to convert retail and employment land into housing
  - A permitted development right to allow commercial buildings to be demolished and replaced with homes.
- On delivery, a consultation will be launched on:
  - Strengthening the Housing Delivery Test by amending the presumption in favour of development to apply at 75% of housing delivery by 2020
  - Expecting local authorities to bring forward 20% of their housing supply as small sites
  - Speeding up the development process by removing the exemptions from the deemed discharge rules.
- A central register of residential planning permissions from local authorities will be developed to improve information on where permissions are held and progress towards delivery.
- There will be a review of unbuilt planning permission and if there is evidence of land banking then government will intervene through CPO and direct intervention.
- Restrictions on pooling Section 106 funds will be removed in certain circumstances where a local authority has adopted the Community Infrastructure Levy (CIL).
- CIL levels will be indexed to house price inflation rather than build costs.
- It will become easier to set and revise CIL levels to help react to changing market circumstances. Councils will also be able set different rates for properties changing between land uses.
- The government will consult on a new policy around first-time buyer led developments. Local authorities will be expected to give permission for land outside their plan on the condition that a high proportion of the homes are offered for discounted sale for first-time buyers, or for affordable rent. This excludes green belt land.

### ***What it means for Croydon***

- Proposals to increase density in urban areas align with Croydon's plans for 10,000 homes in the Growth Zone and the Croydon Partnership redevelopment of the Whitgift Centre recently approved. However, Croydon saw significant loss of office space due to office to residential conversions when permitted development was first introduced and would be concerned about the effect on the ability to retain jobs and attract new investment in central Croydon. The Council took steps in 2015 to require planning permission for any change from office to residential use.
- Measures to tackle land banking would be welcome as this practice is used to keep prices high and reduces the number of new homes built.

### **Right to Buy**

- Government will proceed with a £200 million largescale regional pilot of the Right to Buy for housing association tenants in the Midlands.

### ***What it means for Croydon***

There is no impact at this stage, although the funding for this may come from the previous proposal to force the sale of high value council properties.



## Home ownership

- A further £10bn will be made available for Help to Buy.
- The government will launch a £2 million competition to support FinTech companies developing innovative solutions that help first-time buyers ensure their history of meeting rental payments on time is recognised in their credit scores and mortgage applications.
- From today, Stamp Duty abolished for first time buyers purchasing a home up to £300,000. In London, it will also be available on the first £300,000 on properties valued up to £500,000.

### *What it means for Croydon*

- More residents will be able to buy their home, freeing up some rented accommodation. Ultimately, however, these measures may contribute to drive house price inflation.

## Education and Learning:

- **Maths** – £27 million will be provided to expand the Teaching for Mastery maths programme into a further 3,000 schools. £600 will be given to schools for every extra pupil who decides to take Maths or Further Maths A levels or Core Maths. £18 million is committed to fund an annual £350,000 for every maths school under the specialist maths school model, which includes outreach work.
- **Computer science** – £84 million is committed to upskill 8,000 computer science teachers by the end of this Parliament.
- **T levels** – government will invest up to £20 million to help teachers prepare for this change.
- **Teacher Development Premium** – £42 million will be invested in piloting a Teacher Development Premium.
- **National Retraining Partnership** – The government will enter into a formal skills partnership with the Trades Union Congress and the Confederation of British Industry, to develop the National Retraining Scheme.

### *What it means for Croydon?*

We await further details on these measures to see the impact on Croydon.

## Transport:

- **Ultra-low emission vehicles** – To support the transition to zero emission vehicles, the government will regulate to support the wider roll-out of charging infrastructure and invest £200 million, to be matched by private investment into a new £400 million Charging Investment Infrastructure Fund

### *What does this mean for Croydon?*

There may be an opportunity for Croydon to bid for part of this funding to extend our programme of installing charging points.

## Business Rates:

- In light of inflation rises the government will be providing a further £2.3B over the next 5 years to support businesses. This includes:
  - A planned switch in indexation from RPI to CPI being brought forward to April 2018.
  - Businesses with more than one office linked by a communal lift, corridors or stairs who were liable to pay a so-called ‘staircase tax’ having their bills recalculated.
  - Pubs a rateable value of up to £100,000 continuing to receive a £1000 business rate discount for a year from April 2018.
  - Increasing the frequency which the Valuation Office Agency revalues non-domestic properties.

Local government will be fully compensated for the loss of income as a result of these measures.



- **London Pilot** – The government has agreed a pilot of 100% business rates retention in London in 2018-19.

***What does this mean for Croydon?***

- Changes on business rates from RPI to CPI will be neutral financially for the council.
- The London Business Rates Retention Pilot will mean Croydon keeps a greater share of its business rates and will provide extra income in 2018/19 for the council.

**Environment:**

- **Air quality** - £220M provided for a new Clean Air Fund to allow local authorities with the most challenging pollution problems help individuals and businesses adapt as measures to improve air quality are implemented. A consultation will be launched looking at options that could be supported by this fund.
- **Pothole fund** – an additional £45 million in 2017-18 to tackle around 900,000 potholes across England.

***What does this mean for Croydon?***

There may be an opportunity for Croydon to bid for the Clean Air Fund and the Pothole Fund.

**NHS and Social Care:**

- **NHS Funding** - The Government has provided £6.3 billion of additional funding to the NHS.
- **Social Care Funding** - No funding announcements for Social Care.
- **Mental Health** - In December a green paper will be published setting out the government’s plans to transform mental health services for children and young people.
- **Disabled Facilities Grant** - £42 million of additional funding for the DFG in 2017-18 increasing the total budget for this year to £473 million.

***What does this mean for Croydon?***

The increase in Disabled Facilities Grant is a potential opportunity for additional income for Croydon.

**Wages and taxes:**

- **National Living Wage** - to rise in April 2018 by 4.4%, from £7.50 an hour to £7.83
- **Tax free personal allowance** will increase from £11,500 to £11,850 and the higher rate tax threshold will increase to £46,350. By 2020 they will have increased to £12,500 and £50,000 respectively.

***What does this mean for Croydon?***

As Croydon is a London Living Wage borough the rise in the National Living Wage will not have an impact on the Council’s budget.

**Public sector productivity**

- **Public Service Leadership Academy** - will be established to complement existing provision, create networks and share best practice across the public sector.
- **Public sector pay** - no major announcement. The Secretary of State will shortly write to Pay Review Body (PRB) Chairs to initiate the 2018-19 pay round, before later submitting evidence outlining recruitment and retention data and reflecting the different characteristics and circumstances of their workforce. Each PRB will make its recommendations in the spring or summer, based on the submitted evidence.

***What does this mean for Croydon?***

Croydon awaits further details from the PRBs in Spring/Summer 2018.

Chief Executive’s Office Policy Unit





### **Universal Credit:**

- £1.5bn package to "address concerns" about the delivery of universal credit
- £8 million to trial innovative approaches to help individuals on universal credit earn more
- Seven-day initial waiting period for processing of claims to be scrapped
- Claimants to get 100% advance payments within five days of applying from January 2018
- Typical first payment will take five weeks rather than current six
- Repayment period for advances to increase from six to 12 months
- New universal credit claimants in receipt of housing benefit will continue to receive it for two weeks

### **What does this mean for Croydon?**

- In Croydon claimants in receipt of UC totalled 17,194 (DWP data end of September 2017) of which over 11,000 are in receipt of housing costs, of which just 1,600 are council tenants.
- UC has had a major impact on rent arrears. At the end of June 2017 the total value of rent arrears for council tenants claiming UC was £1,403,000, 48% of all tenant arrears. 72% of all council tenants claiming UC were in rent arrears, compared with 28% of all council tenants in arrears. The average rent account balance for tenants on HB was £42.00 in credit, compared with the average balance for UC claimants of £722 in arrears. 1,068 of council tenants claiming UC had rent arrears equivalent to more than 3 months' rent at the end of June 2017 and were at risk of homelessness
- Croydon had requested the removal of seven day waiting period for housing costs in UC and the introduction of a Housing Benefit run period of at least two weeks for those already claiming Housing Benefit, so these changes are welcome. However, the lack of action on the status of Temporary Accommodation within UC is disappointing. In emergency accommodation alone, UC claimants owed £2,370,357 at 14 September 2017
- There may be an opportunity for Croydon to bid for the £8m fund for innovative approaches to help UC claimants earn more.
- Ensuring new claimants can still receive housing benefit for two weeks will help residents, including council tenants, who are experiencing bad debt.
- There is no information provided on whether pilot sites (like Croydon) that rolled out UC early, will receive recognition or compensation for some of the costs incurred under that scheme where government is now taking a different policy approach.

### **OBR Economic Forecast**

- GDP has been downgraded to 1.5%, reflecting weaker growth than expected, with the slow growth predicted to continue into 2018 and 2019 with GDP growth of 1.4% and 1.3% in subsequent years before rising to 1.6% at the end of the forecast period.
- Consumer Price inflation is forecast to fall from a peak of 3% to 2% later this year.
- Annual borrowing is forecast to be £49.9bn this year and public sector net borrowing is forecast to fall from 3.8% of GDP last year to 2.4% this year, reaching 1.1% in 2022-23.