

On the day Member briefing: Spending Round 4 September 2019

The Chancellor of the Exchequer's overall tone was positive about public services and the need for increased capital and revenue expenditure. However only when the full details of Government Departments' spending plans are provided will it be possible to identify the full implications for the wider South East.

South East England Councils and South East Strategic Leaders will scrutinise the Government's proposals as more details emerge and continue to make the case on behalf of residents, business and local authorities.

Introduction

On 4 September 2019 Chancellor Sajid Javid presented the Government's one-year Spending Round, the first since 2015. Local authorities and representative groups, including South East England Councils and South East Strategic Leaders, have pressed the Government to provide greater certainty over the medium and long term. The previous Chancellor had announced his intention for a three-year round once the United Kingdom had left the European Union. This was to include a zero-based review of capital spending. However with continued political uncertainty, the new Chancellor decided to proceed with just a settlement for 2020/21, albeit with some announcements relating to subsequent years (in particular for schools). He intends to undertake a multi-year Spending Round in 2020 for 2021/22 onwards.

Overall strategy

The Chancellor presented his statement as "a new chapter for our public services" indicating the end of austerity. He said that there will be the fastest increase in day to day spending for 15 years with every Government department having its budget for day-to-day spending increased at least in line with inflation. There was no such statement in respect of capital spending.

Total Managed spending will increase from £842.8bn in 2019/20 to £878.6bn in 2020/21, an increase of over 4%. The Chancellor said that the real term increase in public spending will be £13.8bn. Many of the Chancellor's announcements related to his promise to "build a safer, healthier and better educated Britain".

Funding for Local Government will increase by over £3.5bn which was immediately welcomed by the Chair of the Local Government Association.

The Chancellor acknowledged that continued under-investment in infrastructure means that the UK has fallen behind its competitors. Further details of the Government's plans will be released later this year. The Chancellor's Spending Round therefore gave relatively few indications of the Government's priorities although it highlighted transport and prisons as areas for investment. Geographical references were limited to areas outside of the South East other than stating the importance of the Oxford-Cambridge Arc.

The announcement was made with confidence that the UK would leave the European Union on 31 October 2019 and the Chancellor announced that £2bn of core funding provided to Departments to prepare for Brexit would continue into 2020/21.

Housing, Communities and Local Government

- A 2.7% real terms increase to the Department's resource budget from 2019-20 to 2020-21.
- The Local Government Departmental Expenditure Limit will increase by £1.1bn nationally, with Local Government Core Spending Power (including Government funding and Council Tax) estimated to increase by £2.9bn in 2020-21. Other changes bring the total increase to £3.5bn
- £241m Towns Fund to support regeneration of high streets, town centres and local economies.
- Continued support to increase home ownership through Help to Buy equity loan and other housing programmes, including extra funding for Homes England to deliver more homes.
- An additional £54m to help reduce homelessness and rough sleeping.
- An additional £24m for the Building Safety Programme.
- An additional £10m for English as a second language provision.
- Local Government's business rate baseline funding levels will also increase in line with inflation.

Social care and health

- The Chancellor pledged £1bn for social care through a new grant. The Government will consult on a 2% precept that councils might use to access a further £500m for adult social care. The documents state that the Government remains committed to putting adult social care on a fairer and more sustainable footing and will bring forward proposals in due course. Social care funding is a particular and urgent concern for the wider South East which has the largest regional number of older people
- The Spending Round sets out a cash increase for the NHS of £33.9bn a year by 2023-24 compared to 2018-19 budgets. This is an increase over the previous Chancellor's pledge to raise funding by £20bn a year by 2023.
- A real terms increase in Public Health Grant and through the NHS contribution to adult social care through the Better Care Fund, increasing by 3.4%, in line with the overall NHS long-term settlement.
- A real terms increase to the Public Health Grant budget to help local authorities provide prevention and public health interventions.
- Each nurse, midwife and allied health professional will have access to £1,000 over 3 years for a personal development budget.

Education and skills

- School funding will rise by £2.6bn in 2020-21, £4.8bn in 2021-22 and £7.1bn in 2022-23. This means that every secondary school will be allocated a minimum of £5,000 per pupil by 2020-21, and every primary school £4,000 per pupil by 2021-22.
- There is over £700m extra funding to support children and young people with special educational needs compared to 2019-20. There will be £400m to train and teach more than a million 16 to 19-year olds, including £190m core funding for 16-19-year-olds and £210m for interventions such as high-cost programmes, resits, T Levels, the Advanced Maths Premium and workforce investments.
- Separately, each year the Government will provide almost £1.5bn to compensate schools for the increased cost of employer pensions contributions.
- Early years spending will increase by £66m to increase the hourly rate paid to childcare providers through the Government's free hours scheme.
- The Spending Round includes funding for programmes supporting councils in delivering children's social care services to support and protect children.
- The Spending Round document, however, shows that the DfE's capital budget (which includes buildings) will fall by 10% in 2020/21.

Transport

- An 11.4% real terms increase to Department's resource budget from 2019-20 to 2020-21.
- £1.1bn for the Strategic Road Network nationally.
- A further £275m for maintaining rail infrastructure in 2020-21 compared to 2019-20.
- An extra £200m to transform bus services, making best use of technology and promoting decarbonisation - further details will be announced in due course.
- Continued support for developing of major transport projects, including rail between Leeds and Manchester, and East- West rail links in the Oxford to Cambridge Arc.
- Later in the autumn, the government will announce plans for future capital spending, including through the publication of the National Infrastructure Strategy.

Work and Pensions

- A 1.9% real terms increase to the Department's budget from 2019-20 to 2020-21.
- £106m Plan for DWP Excellence package, delivering reform to support the most vulnerable in society.
- £40m additional funding for Discretionary Housing Payments to tackle affordability pressures in the private rented sector.
- £36m to ensure effective DWP decision-making and improve safeguarding through a new independent Serious Case Panels.
- £7m to expand Jobcentre advisor support in schools for young people with special educational needs and extending eligibility for Access to Work to internships for disabled people.
- £23m for a range of other measures, including support for vulnerable claimants and people with complex needs migrating to Universal Credit, additional outreach activities for those who are homeless, and increasing the number of Armed Forces champions to support veterans entering the labour market.

Business, Energy and Industrial Strategy

- A 2.1% real terms increase to the Department's budget from 2019-20 to 2020-21.
- Additional £30m to accelerate decarbonisation schemes that will help to move the UK towards its Net Zero greenhouse gas emissions target by 2050 – further details in the National Infrastructure Strategy.
- £28m for compliance and enforcement activities on National Minimum and Living Wage rules.
- Support for small businesses to grow, including finance via the British Business Bank.
- Reviewing and consultation on the impact of the Government's funding for parental leave and pay arrangements.
- Continuing to provide £191m to support delivery of Brexit-related activities, including development of a UK Global Navigation Satellite System and delivering business stability for company law and audit.
- Commitment to increase levels of research and development to at least 2.4% of GDP by 2027, with more plans to be announced in the autumn.

International Trade

- A 2.3% real terms increase to the Department's budget from 2019-20 to 2020-21.
- Additional funding to deliver a Free Trade Agreement programme.
- Funding for the new trade policy framework as the UK leaves the EU.
- Funding for the department's programme of activities to support UK businesses around the world, tackle trade barriers and strengthen the UK's inward investment position.

Home Office

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- £750m to fund 20,000 more police officers. £45m will be allocated in the current financial year to commence the recruitment of 2,000 officers.
- £2.5bn will be invested to provide 10,000 additional prison places, to improve security in prisons, and reform the probation system to provide better supervision and rehabilitation of offenders.

Environment

- A 3.3% real terms increase in the Department's budget between 2019/20 and 2020/21.
- Brexit funding includes £20m to prepare for a post- Common Agriculture Policy system.
- The International Development budget includes at least £250 million to the international climate and environment funds, including the Green Climate Fund to limit global warming help developing countries prepare for its impact.
- The £30m budget referred to earlier for developing decarbonisation schemes.

Digital, culture, media and sports

- The Spending Round will grow budgets in line with inflation to provide over £300m to support national museums and galleries.
- Continued investment in the UK's digital economy to drive growth and innovation, with programmes to support the UK tech sector and help people to stay safe online.
- A promise that further detail on how the UK will progress towards its ambitious targets for full fibre broadband will be presented in the National Infrastructure Strategy this autumn.