**2020 Spending Review – LGA Briefing (Place-related policies)**

* UK Shared Prosperity Fund (UKSPF)
* National Infrastructure Strategy
* Preparations for the end of the Transition Period
* Freeports
* Levelling Up Fund
* Supporting Jobs
* Housing
* Planning
* Green Investments and Infrastructure
* Low Carbon Solutions
* New Homes Bonus
* Electric Vehicle Charging Infrastructure
* Active Travel Infrastructure
* Warmer Homes and Buildings

| **Policy** | **Announcement** | **LGA View** |
| --- | --- | --- |
| UK Shared Prosperity Fund (UKSPF) | The Government is supporting the regeneration of towns and communities by targeting further investment at places most in need by supporting places, such as former industrial areas, deprived towns and coastal communities, by setting out what the UK Shared Prosperity Fund (UKSPF) will invest in and how it will be targeted (see Box 3.1) (Page 36, paragraph 3.16 and page 37, box 3.1)  SR20 sets out how the UK Shared Prosperity Fund (UKSPF) will help to level up and create opportunity for people and places across the UK and provides £220 million additional funding to help local areas prepare over 2021/22 for the introduction of the UKSPF (Page 73, paragraph 6.60) | Since the referendum, the LGA has been lobbying Government to ensure that there was a domestic replacement for EU funds. The SR contains the “Heads of Terms” for the UKSPF (the Government’s replacement of the European Structural and Investment Funds) and confirms that the fund will be at least £1.5 billion a year. We welcome the clarity this announcement has brought to local government, and we look forward to further detail.  Local government has made an offer to co-design the programme with Government and the investment framework for local areas that sits behind this. The investment proposals and specific outcomes defined in the UK-wide investment framework need to be locally determined by councils and combined authorities, who have a democratic mandate to represent their communities, as well as respect current local decision making and devolution agreements.  The additional £220 million to help local areas transition to the UKSPF in 2021/22 by running pilots and new approaches is welcomed and prevents a financial cliff edge. The Government must now work with all local areas to ensure there is a smooth transition to the new funding regime.  We will be working with the Welsh LGA to ensure that the new funds meets the needs of councils in Wales. |
| National Infrastructure Strategy | Increased infrastructure investment is supported by a new National Infrastructure Strategy, which sets out the Government’s plans to transform the UK’s economic infrastructure. It is based around three  central objectives: economic recovery, levelling up and unleashing the potential of the Union, and meeting the UK’s net zero emissions target by 2050 (Page 4, paragraph 22) | We welcome the Government clearly setting out its infrastructure strategy in response to the National Infrastructure Assessment carried out by the National Infrastructure Commission.  We supported the Commission’s recommendation, as set out in their National Infrastructure Assessment, that all transport authorities, including those without metro mayors, should have long term funding settlements in order to clearly plan their own infrastructure programmes. It is disappointing that the Government has not implemented this recommendation. |
| Preparations for the end of the Transition Period | £363 million to recruit 1,100 Border Force officers to deliver transit customs arrangements and to continue supporting law enforcement cooperation with EU member states from 1 January 2021. (Page 53, box 5.1)  £572 million to the Department for Environment, Food and Rural Affairs to seize the opportunities resulting from environmental, regulatory and economic independence for the UK, including ambitious regulatory reforms which will enable the UK to take ownership of its own agenda. (Page 53, box 5.1) | Councils face many challenges this winter, including the priority to support and protect their communities during the COVID epidemic. Councils’ capacity and resources are fully stretched. Additional work resulting from the end of EU transition must be seen in this context.  Through their regulatory work at ports, councils will be on the frontline of changes to import and export controls following the end of the transition period, but additional funding has only been provided until March 2021. It is vital that the Government commits to extending funding beyond this period, given that the greatest impact of these changes will be in July 2021, and that this funding ensures councils do not experience funding shortfalls until additional revenue can be generated to support additional work.  There will also be increased demands on councils to support businesses navigating their way through a changing regulatory environment. COVID-19 has highlighted the vital work local regulatory services do, and the capacity issues these services are already experiencing, with a shortage of existing trained officers and limited pipeline of new officers coming through to support additional work linked to transition.  Maintaining sufficient capacity and resilience in local regulatory services to enable councils to support local businesses must therefore be a fundamental part of post-transition planning. |
| Freeports | The Government is supporting the regeneration of towns and communities by targeting further investment at places most in need by delivering 10 Freeports across the UK – at least one in each of England, Scotland, Wales and Northern Ireland – to bring jobs, investment and prosperity to some of the most deprived communities. The programme aims to establish Freeports as national hubs for global trade and investment across the UK, promote regeneration and job creation and create hotbeds for innovation. (Page 36, paragraph 3.16) | Following our calls to Government, we welcomed its commitment in the Freeports Bidding Prospectus to consider more than 10 freeports if bids are particularly strong. It is also positive that seed capital will be provided to winning areas to address local infrastructure constraints. It will be vital that freeports create new jobs and opportunities for local people. We have therefore asked that Government remains alive to the risk of domestic economic displacement of UK domestic businesses in its assessment of bids and as it progresses with winning areas. |
| Levelling Up Fund | The Government is launching a new Levelling Up Fund worth £4 billion for England. Moving away from a fragmented landscape with multiple funding streams, this new cross-departmental fund for England will invest in a broad range of high value local projects up to £20 million, or more by exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. (Page 36,  paragraph 3.16)  It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less Government investment in recent years. Spending Review 2020 makes available up to £600 million in 2021/22. The Government will publish a prospectus for the fund and launch the first round of competitions in the New Year. (Page 72, paragraph 6.57) | Councils across the country work hard to invest in improvements in their local communities so it is good that the Government is introducing this new Levelling Up Fund.  It is good news that this fund moves to tackle our complex and fragmented funding system, which we have long warned about. However, we are concerned by the prospect of a competitive bidding process at a time when councils want to be fully focused on protecting communities and businesses from the impact of the pandemic.  The best way to make decisions about local investment is by working with councils, who know the needs of their areas best. We want to work with the Government to ensure this fund produces the best possible outcomes for local communities. |
| Supporting jobs | £2.9 billion Restart programme will provide intensive and tailored support to over 1 million unemployed people and help them find work, with  approximately £0.4 billion of funding in 2021/22 (Page 29, paragraph 2.20)  Funding the £2 billion Kickstart scheme which will create hundreds of thousands of new, fully subsidised jobs for young people at risk of long-term unemployment across Great Britain. The SR20 settlement includes £1.6 billion in 2021/22 which will ensure funding for over 250,000 Kickstart jobs. (Page 29, paragraph 2.20)  Investment of £375 million from the National Skills Fund in 2021/22, which will provide £138 million for the Government’s commitment to fund in demand technical courses for adults, equivalent to A level, and to expand the employer-led boot camp training model. (Page 62, paragraph 6.17)  On Apprenticeships, the Government is:  making available £2.5 billion of funding for apprenticeships and further improvements;   * allowing levy paying employers to transfer unspent levy funds in bulk to Small and Medium-sized Enterprises (SMEs) with a new pledge function from August 2021. * confirming unspent Levy funds will continue to expire after 24 months; * introducing a new online service to match levy payers with SMEs that share their business priorities for the purposes of Levy transfer from August 2021; * allowing employers in construction and health and social care to front-load training for certain apprenticeship standards from April 2021 and explore whether this offer can be extended to other sectors; * testing approaches to supporting apprenticeships in industries with more flexible working patterns in 2020/21, including considering how to best support apprenticeship training agencies; * extending incentive payments for hiring a new apprentice introduced in the Plan for Jobs to 31 March 2021. (Page 62, paragraph 6.17) | The Chancellor has rightly prioritised jobs in this Spending Review. With millions displaced from the labour market and needing to find work and reskill due to the COVID-19 crisis, we need to align job creation and employability measures including skills, so no community is left behind.  The economic and social challenges facing our communities will vary across the nation. National and local government should combine resources and expertise to deliver for people and businesses hard hit by the crisis and co-design the solutions.  Investment in the low-carbon economy provides an opportunity to create further employment opportunities. In 2030 across England there could be as many as 694,000 direct jobs employed in the low-carbon and renewable energy economy, rising to over 1.18 million by 2050.  **Restart**  We face a growing and stark unemployment challenge. Support for people who are long term unemployed is urgently needed and Restart must be delivered in the right way to reduce the scarring effect of unemployment on communities. There is strong evidence that localised and devolved programmes deliver more sustained outcomes and that centralised employment and skills schemes struggle to deliver for the economy, employers or individuals.  Support to the long-term unemployment needs to be as close as possible to local communities and the local services they rely on including housing, health, training and debt management. Local government offers to work with the Government to plan, commission and deliver Restart so it can align with local services and training opportunities. Councils are in the unique position locally to bring together a range of local organisations including charities, housing associations, councils, and training providers as well as Department for Work and Pensions (DWP) prime providers.  Local government stands ready to make this happen with the right level of resource. The Government should work with us to plan Restart so it is delivered to optimal impact for people and places.  **Kickstart**  Local government is already working hard to make a success of and coordinate the Kickstart scheme locally, working with providers and Jobcentre Plus. The first phase excluded 16-17 year olds at risk of unemployment. We believe this next phase of Kickstart should be extended to this group, and that local government should be able to refer this group into the Scheme.  Kickstart will work best for young people, businesses and communities if it is planned and delivered in partnership locally. That requires real collaboration at a local authority level between national Government and its agencies, local government, employers and providers to ensure the offer is coordinated, promoted, signposted, targeted and delivered. DWP must build local government into the further iterations of the Scheme as we have already set out.  **In-demand technical courses for adults**  Using the National Skills Fund to fund free Level 3 courses for adults not yet qualified to these levels is welcome. We encourage the Chancellor to go further by devolving and localising this support so that it is customised to local need and can offer a clear pathway to further learning and work in places where people live.  We continue to recommend the Government at least doubles funding for the Adult Education Budget to increase support for the nine million people across England that lack basic literacy and numeracy skills.  **Apprenticeships**  The Government has listened to employers and is introducing some long overdue reforms to the apprenticeship levy. The extension of the £2,000 apprenticeship incentive payments and the introduction of a new service to match levy payers with SMEs that want to receive a transfer of funds should both help to create more apprenticeship opportunities.  We continue to urge the Government to go further and deliver the root and branch reform of the apprenticeship levy. Local government should be offered more local freedom and flexibility to maximise the use these funds, for example to widen participation to disadvantaged groups. We look forward to receiving more information on the Government’s plan to allow employers to make levy transfers to SMEs and we hope that it will provide the opportunity for local government to work with employers to take a more strategic approach to apprenticeships locally and pool funds so we can maximise support to our communities.  It is disappointing that the Government has confirmed that the 24-month expiry policy for unspent levy funds will remain in place. We urge the Treasury to reconsider and pause this policy to prevent employers from losing funds through no fault of their own. The Government should also introduce a levy payment holiday of up to six months for businesses struggling with cashflow problems. |
| Housing | SR20 also provides nearly £20 billion in multi-year capital investment to underpin the Government’s long-term housing strategy:   * a National Home Building Fund (NHBF), with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes, including: * confirming £4.8 billion of capital grant funding, including for land remediation, infrastructure investment, and land assembly * delivery of the Brownfield Fund, announced at Budget 2020 for Mayoral Combined Authorities (MCAs) * an additional £100 million for non-Mayoral Combined Authorities in 2021/22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates and releasing public sector land – including serviced plots for self and custom builders * £2.2 billion of new loan finance to support house builders across the country. This includes delivering Help to Build for custom and self-builders, and funding for SMEs and modern methods of construction * further funding for the NHBF will be confirmed at the next multi-year spending review, delivering on the Government’s commitment to provide £10 billion to unlock homes through provision of infrastructure * Reconfirming £12.2 billion for the Affordable Homes Programme (AHP). The new AHP will deliver up to 180,000 new homes for affordable homeownership and rent, with a greater proportion outside of London than the previous programme. (Page 73, paragraph 6.59) | It is positive to see further Government investment to support the building of new homes. We welcome the additional funding for non-Mayoral Combined Authorities to support housing delivery and regeneration. In our view, all councils should have access to funding to support their ambitions to bring forward brownfield sites, estate regeneration projects and the release of public sector land.  With more than one million households on council waiting lists, and now more than 98,000 households in temporary accommodation, it is vital that the Affordable Homes Programme is re-focused towards support for truly affordable homes, including those for social rent. Councils also need to be able to retain all Right to Buy receipts, combine them with other funding sources and set discounts locally, to support them in building homes to meet the needs of local communities. |
| Planning | SR20 provides an additional £12 million to take forward the Government’s radical planning reform agenda and £4 million towards its ongoing Oxford-Cambridge Arc programme, building on the Government’s commitments to accelerate housing and infrastructure delivery. (Page 74, Paragraph 6.61) | Additional investment will be vital in taking forward any proposed reforms to the planning system. We await further details on how the £12 million will be allocated.  Councils need to have the resources, tools, powers and flexibilities required to make locally-led planning decisions for their current and future residents. This includes having the ability to set planning fees locally. These fees should also help to cover the cost of wider planning functions. This will ensure that these can continue to support the decision and plan-making process.  The Government will also need to ensure that councils have access to the right capacity, skills and training support to implement any changes to the planning system. Any new burdens should also be fully funded. |
| Green investment and infrastructure | The NIS, published alongside SR20, is rooted in the expert advice of the highly respected National Infrastructure Commission (NIC), and responds to its ground-breaking 2018 assessment of the country’s infrastructure needs. The NIS sets out how we will deliver the greener infrastructure that is fundamental to the Ten Point Plan, and as part of this announces the creation of a UK-wide bank focused on infrastructure and headquartered in the North of England. The bank will support private infrastructure projects to help meet the Government’s objectives on economic growth, levelling up, and transitioning to net zero. (Page 39, paragraph 3.22)  The Ten Point Plan mobilises £12 billion to give industry the certainty it needs to invest, supports up to 250,000 green jobs and saves 180 megatonnes of carbon dioxide equivalent. (Page 39, paragraph 3.23) | The LGA welcomes the investments and support to develop the low carbon and green infrastructure economy in the Government’s Ten Point Plan. Councils share the ambition for a green revolution and with at least 230 councils declaring a climate emergency, are well placed to support Government to meet its net-zero carbon ambitions by 2050.  We want to work with Government and business to establish a national fiscal and policy framework for addressing the climate emergency, supported with long term funding. |
| Low carbon solutions | £1 billion for a Carbon Capture and Storage (CCS) Infrastructure Fund and will help establish four CCS clusters by 2030. These clusters will bring jobs and investment to industrial heartlands in areas of North East and North West England, the Humber, Scotland and Wales. (Page 40, paragraph 3.30)  £240 million Net Zero Hydrogen Fund and £81 million for pioneering hydrogen heating trials. (Page 40, paragraph 3.31)  By 2030 the Government plans to quadruple offshore wind capacity to 40 GW and maximise the opportunities this presents for jobs and investment. To grow the UK manufacturing base, the spending review invests £160 million into modern ports and manufacturing infrastructure, providing high quality employment in coastal regions. (Page 40, paragraph 3.32)  The Government will spend nearly £500 million in the next four years for the development and mass-scale production of electric vehicle batteries and associated EV supply chain. (Page 40, paragraph 3.33)  It is providing over £125 million for nuclear technologies in 2021/22, as part of up to £525 million set out in the Ten Point Plan, including £385 million for an Advanced Nuclear Fund. (Page 40, paragraph 3.34)  It is committing £200 million for Net Zero Innovation Portfolio in 2021/22 to support new decarbonisation solutions and bolster emerging technologies such as direct air capture and low carbon hydrogen. (Page 41, paragraph 3.35)  SR20 provides over £280 million in 2021/22 for net zero Research and Development, including an £81 million multi-year commitment for pioneering hydrogen heating trials. (Page 56, paragraph 5.26) | The LGA has been calling for investment in renewable energy and is pleased with the commitment and investment in low carbon energy. There are significant opportunities in the green growth sector if the approach to delivery is flexible and designed around place.  Councils want to support the local implementation of low carbon solutions necessary across every sector, industry and place and, support the creation of local green skills and jobs. Councils want to play a key role in developing a flexible, resilient energy supply that realises the full economic benefits that are felt across all parts of the country.  Councils are well placed to test transformational solutions and we will work with Government to understand how councils can use funding for research and development to support place-based low carbon action.  We will now be working with Government to ensure that councils have the tools and powers they need to play a lead role in harnessing this investment and supporting a locally led green economic recovery. |
| New Homes Bonus | The Government will maintain the existing New Homes Bonus scheme for a further year with no new legacy payments (Page 75, paragraph 6.66)  The Government will consult on reforms to the New Homes Bonus shortly, with a view to implementing reform in 2022/23. (Page 75, paragraph 6.70) | The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities. The Government needs to work closely with councils as part of its review of housing incentives in order to ensure it helps us deliver more homes and works for local government. It is important that sufficient clarity about the outcome of the review, is provided to councils as soon as possible to allow them to plan their 2022/23 budgets and beyond. |
| Electric Vehicle Charging Infrastructure | £90 million to fund local electric vehicle (EV) charging infrastructure to support the roll out of larger on-street charging schemes and rapid hubs in England. (Page 39, paragraph 3.26) | We welcome the Government’s continued commitment to fund charging infrastructure which is crucial in order to meet our net zero targets.  In order to accelerate uptake to meet the Government’s new phase out date of petrol and diesel vehicles, we need a step change in the pace of delivery. We offer to work with Government to develop a much clearer role for councils in delivery and ensure that as well as grants for physical infrastructure, support and resources are given to build skills and capacity for local delivery. |
| Active Travel Infrastructure | To encourage more active travel, the Government has provided £257 million for cycling and walking in 2021/22, part of the Prime Minister’s £2 billion commitment to cycling and walking across the parliament (Page 39, paragraph 3.27) | The long-term commitment of £2 billion across the Parliament to walking and cycling was a step in the right direction. The £257 million announced earlier this month is a welcome step for increasing walking and cycling provision.  Councils need maximum flexibility and certainty in order to ensure that this money is spent quickly and effectively and to support engagement and consultation with local residents. |
| Warmer homes and buildings | SR20 allocates £475 million to make public buildings greener, £150 million to help some of the poorest homes become more energy efficient and cheaper to heat with low-carbon energy, and a further £60 million to retrofit social housing. It also extends the popular Green Homes Grant voucher scheme with £320 million of funding in 2021/22. The Government is committed to spending £3 billion on building decarbonisation, and will review this allocation in the spring, together with how it can best deliver this agenda over the course of this parliament. (Page 41, paragraph 3.38)  SR20 also confirms £122 million in 2021/22 to support creation of clean heat networks. This, together with the measures to be set out in the Government’s forthcoming Heat and Buildings Strategy, will help meet the target of installing 600,000 heat pumps by 2028, and scale up the other low carbon heating and energy efficiency measures necessary to make buildings fit for net zero. (Page 41, paragraph 3.39) | We support investment to allow councils to help Government achieve its aim for the UK to become a net zero carbon economy in 30 years’ time. Councils await further details to understand how to access the funding for public buildings.  It is positive that the Government is investing a shift to greener, more efficient buildings and housing. The Government should work with councils to urgently bring forward its commitment for a £3.8 billion capital Social Housing Decarbonisation Fund. This would provide a national stimulus to kick start the deep energy retrofit of all homes by investing in an energy revolution in social housing. |