

# Spending Review 2015

## London Councils' On The Day Briefing

London Councils represents London's 32 borough councils and the City of London. It is a cross party organisation that works on behalf of all its member authorities regardless of political persuasion.

### Overview

On 25 November 2015, Chancellor George Osborne delivered Spending Review 2015 (SR15) – which sets government departmental expenditure limits for the next four years (2016-17 to 2019-20). Alongside the Spending Review, the Chancellor delivered his annual Autumn Statement, which included an update on the overall economic outlook and future plans for both public spending and taxation up to 2020-21. Further information on both the Spending Review and the Autumn Statement can be found on the Treasury's website<sup>1</sup>.

The Spending Review contained a number of policies and announcements, which are likely to impact on local government. At this stage, it is too early to confirm what the exact impact will be and more detail is likely to emerge over time; however, the key headlines for London Local government are summarised below.

### Key Headlines

- Overall cut to Local Government Resource DEL will be 56 per cent in real terms (53 per cent cash) between 2015-16 and 2019-20 (falling from £11.5bn to £5.4bn)
- London Councils estimates the cut to core funding (SFA) to be around 24 per cent for England
- The Mayor of London and the boroughs will jointly commission employment support outside the Jobcentre Plus regime
- Business Rates devolution – government will consult on the reform in 2016 taking into account the wider resources available to councils including council tax, and consider the transfer of funding for administration of Housing Benefit for pensioners, TfL capital funding, and public health.
- The Government's long term review of business rates will now report at Budget 2016
- There will be a new 'Council tax precept' of up to 2% which must be spent exclusively on social care
- The Better care Fund will be expanded by £1.5bn nationally by 2020
- Local authorities will be able to retain 100% of asset disposals to spend on reform
- Government will consult on a National schools funding formula to be introduced from 2017
- 400,000 affordable homes to be started by 2020-21 including 135,000 HtB shared ownership homes
- "London Help to Buy" scheme to offer 40% equity loan in recognition of higher housing costs in London

<sup>1</sup><https://www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015>

## Economic Outlook

Alongside the Spending Review, the independent Office for Budget Responsibility (OBR) published new forecasts for the economy and the public finances, taking into account new policy measures. It has assessed whether the Government is on course to meet its medium-term fiscal objectives outlined in the *Charter for Budget Responsibility*. These are:

- **the fiscal mandate:** “to deliver a **surplus on public sector net borrowing by the end of 2019-20** and, once a headline surplus has been achieved, to achieve a **surplus on public sector net borrowing in each subsequent year**”;
- **the supplementary target:** “for **public sector net debt as a percentage of GDP to be falling in each year**” to 2019-20.
- **the welfare cap:** a limit on a subset of welfare spending, at cash levels set out by the Treasury for each year to 2020-21 in the July 2015 Budget.

The OBR forecast suggests that the Government is on track to meet its fiscal mandate and supplementary target. Public sector net borrowing is expected to be in surplus by 0.5 per cent of GDP (£10.1 billion) in 2019-20, and public sector net debt is expected to fall by 0.6 per cent of GDP in 2015-16 and by bigger margins in subsequent years. The OBR forecast that the terms of the welfare cap are set to be breached in three successive years from 2016-17 to 2018-19. The terms of the cap are set to be observed by very small margins in 2019-20 and 2020-21, with spending above the cap but within the forecast margin and with the net effect of measures in those years reducing spending.

## Key Economic & Fiscal Indicators

Table 1 below outlines the key economic and fiscal indicators underpinning the Autumn Statement. The budget deficit is expected to fall this year to £73.5 billion. This is a £4billion increase since the OBR’s estimate in July 2015. Public sector net borrowing will decrease each year until 2019-20, when there will be a surplus of £10.1 billion. This is forecast to increase to £14.7 billion in 2020-21.

**Table 1 – Key Economic & Fiscal Indicators**

	2014	2015	2016	2017	2018	2019	2020
Gross domestic product (GDP)	2.9	2.4	2.4	2.5	2.4	2.3	2.3
Public sector net borrowing (£bn)	94.7	73.5	49.9	24.8	4.6	-10.1	-14.7
Public sector net borrowing (deficit % of GDP)	5.2	3.9	2.5	1.2	0.2	-0.5	-0.6
Public sector net debt (%)	83.1	82.5	81.7	79.9	77.3	74.3	71.3
LFS unemployment (% rate)	6.2	5.5	5.2	5.2	5.3	5.4	5.4
Employment (millions)	30.7	31.1	31.5	31.7	31.9	32.0	32.2
CPI Inflation (%)	1.5	0.1	1.0	1.8	1.9	2.0	2.0

Source: HMT – Autumn Statement 2015; OBR – Economic & Fiscal Outlook, November 2015

CPI inflation is forecast to rise to 1.0% in 2016, more slowly than anticipated at the Summer Budget in July, before returning to the 2 per cent target in 2019-20. Unemployment is estimated to continue to fall from 6.2% in 2015 to 5.4% in 2020 and employment will increase to 32.2 million by the end of the period. GDP growth figures for 2014 have been revised upwards since Budget 2015 from 2.6% to 3.0%, falling to 2.4% in 2015 and 2016. Figures for the remainder of the period remain similar to those predicted in March at around 2.4% growth throughout the rest of the period.

## Overall Public Spending

The total amount the government spends is known as **Total Managed Expenditure (TME)**. This is split up in to:

- **Departmental Expenditure Limits (DEL)** – the fixed budgets allocated to that government departments at each Spending Review.
- **Annually Managed Expenditure (AME)** - money spent in areas outside budgetary control on programmes which are demand-led – such as welfare, tax credits or public sector pensions.

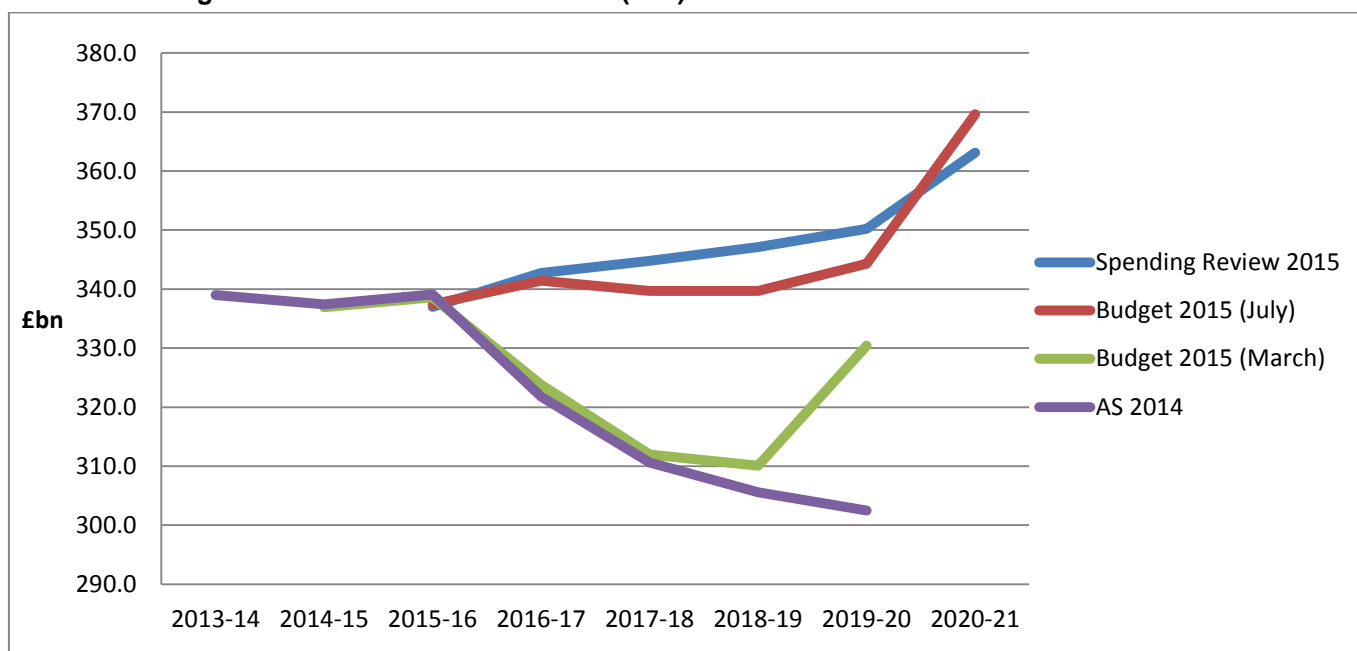
Table 2 shows how TME breaks down into DEL and AME, and capital and revenue expenditure. TME will rise from £756 billion in 2015-16 to £857 billion in 2019-20 (13%). Resource spending will increase by 7.7% over the same period. Chart 1 shows how planned resource spending has changed since Autumn Statement 2014. Compared with the Summer Budget, the overall spending will rise at a faster rate until 2019-20, when the jump in public spending is less pronounced than previously forecast.

**Table 2 - Total Managed Expenditure 2015-16 to 2019-20**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Resource AME	345.3	353.3	365.9	378.4	391.8	403.9
Resource DEL excl. dep	315.1	320.8	322.9	325.2	328.3	341.2
Depreciation	21.9	21.9	21.9	21.9	21.9	21.9
RDEL incl. depreciation	337.0	342.7	344.8	347.1	350.2	363.1
<b>Public sector current expenditure</b>	<b>682.3</b>	<b>696.0</b>	<b>710.7</b>	<b>725.5</b>	<b>742.0</b>	<b>767.0</b>
<b>Capital AME</b>	<b>31.7</b>	<b>33.4</b>	<b>31.7</b>	<b>30.7</b>	<b>31.7</b>	<b>34.5</b>
<b>Capital DEL</b>	<b>41.7</b>	<b>44.0</b>	<b>45.0</b>	<b>45.0</b>	<b>47.3</b>	<b>55.7</b>
<b>Public sector gross investment</b>	<b>73.4</b>	<b>77.4</b>	<b>76.7</b>	<b>75.7</b>	<b>79.0</b>	<b>90.2</b>
<b>TOTAL MANAGED EXPENDITURE</b>	<b>755.7</b>	<b>773.3</b>	<b>787.5</b>	<b>801.2</b>	<b>821.0</b>	<b>857.2</b>

Source: HMT; Spending Review 2015, Table 1.6 (p.21).

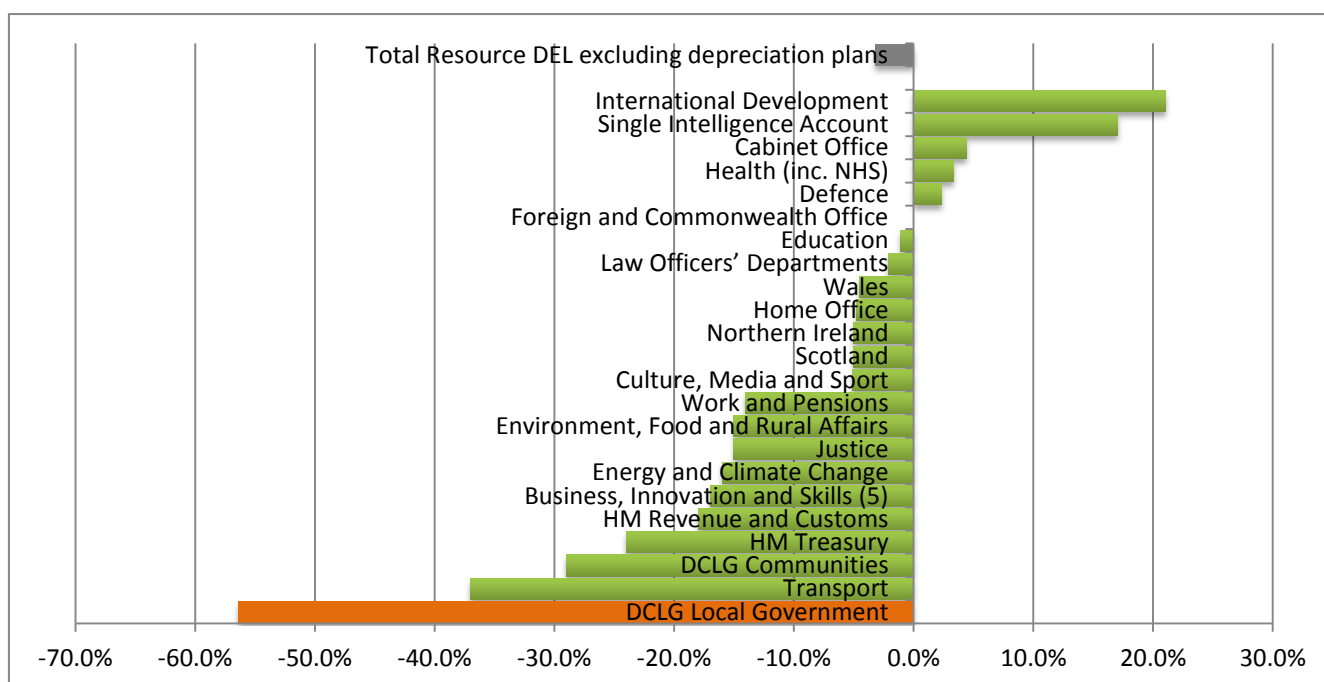
**Chart 1 – Change in Government Resource DEL (£bn) since Autumn Statement 2014**



## Departmental Spending

Funding for health, schools, international development and defence has been protected (as previously announced). In addition the Cabinet Office has also been protected and its budget will rise in real terms. These protections magnify the level of cuts for the remaining departments. Chart 3 below shows the Department for Communities and Local Government (DCLG) will receive the largest percentage cut of all departments over the next four years falling by £6.1 billion from £11.5 billion in 2015-16 to £5.4 billion in 2019-20 (see Annex A for the full list of figures).

**Chart 3 - Resource DEL by department - 2015-16 to 2019-20 (real terms % change)**



Source: HMT, Spending Review 2015; figures from Table 2.1 (p.78)

## Likely impact on local government core funding

Local authorities receive funding from a number of different government departments but core funding comes from the DCLG Local Government Resource DEL. The LG RDEL is presented alongside “locally financed expenditure” within the Spending Review. Analysis of OBR figures suggests that locally financed expenditure includes:

- council tax;
  - business rates retained by local authorities;
- less
- capital expenditure financed from the revenue account (CERA);
  - net use of reserves;
  - debt interest payments;
  - repayment of principal; and
  - other general fund net income.

As locally financed expenditure is rising over the period (from £28.8 billion to £35.1 billion), overall local spending is presented as increasing in cash terms by £0.2 billion from £40.3 billion to £40.5 billion (a 1.7 per cent real terms reduction).

**Table 3 – Local Government Spending (as presented in the SR document)**

	£ billion					
	Baseline		Plans			
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
DCLG Local Government DEL <sup>1</sup>	11.5	9.6	7.4	6.1	5.4	*
Locally financed expenditure <sup>2</sup>	28.8	29.0	31.5	33.6	35.1	*
<b>Local government spending<sup>3</sup></b>	<b>40.3</b>	<b>38.6</b>	<b>38.9</b>	<b>39.7</b>	<b>40.5</b>	<b>*</b>

<sup>1</sup> In this table, Resource DEL excludes depreciation.  
<sup>2</sup> Treasury/DCLG analysis based on data underlying the OBR's Local Authority Current Expenditure (England) forecast.  
<sup>3</sup> Does not include the impact of business rate reforms, which the government will consult on shortly.

Source: HMT, Spending Review 2015; Table 2.17 (p.100)

The LG RDEL figure for 2015-16 (£11.5 billion) is larger than previously stated in the Summer Budget (£10.6 billion), but it is not yet known why. **London Councils will undertake further analysis and will query this with DCLG officials.**

**Possible impact on RSG**

The exact impact of the cut to the Local Government RDEL on core funding (Settlement Funding Assessment) in 2016-17 will not be confirmed until the local government finance settlement in December (it has not yet been confirmed whether the settlement will cover just 2016-17 or multiple years).

However, Table 4 below shows London Councils' early estimates for the overall cut to local government core funding (Settlement Funding Assessment). **Please treat these with caution at this stage.**

**Table 4 – London Councils estimates of core funding – 2015-16 to 2019-20 (England)**

	Baseline	Estimates				Real % change (15-16 to 19-20)
	2015-16	2016-17	2017-18	2018-19	2019-20	
DCLG Local Government RDEL	11.5	9.6	7.4	6.1	5.4	-56%
Revenue Support Grant	9.4	8.8	6.6	5.3	4.6	-54%
Local Share of NNDR	11.3	11.4	11.7	12.0	12.4	2%
<b>SFA</b>	<b>20.7</b>	<b>20.2</b>	<b>18.3</b>	<b>17.3</b>	<b>17.0</b>	<b>-24%</b>

Source: London Councils modelling

Early estimates suggest that the 56% real terms cut to local government RDEL will lead to a similar level of cut to RSG (54%). Once the impact of rising local share of business rates is taken into account (real terms increase of 2% over the period), **the reduction in overall SFA is estimated to be around 24 per cent in real terms.** The figures presented above are at the England level. If the 24 per cent reduction is confirmed, core funding will have fallen by 57 per cent in real terms over the decade from 2010 to 2020.

## Business Rates

### Business Rates Devolution

- DCLG will shortly **consult** on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the Parliament. This will take into account the main resources currently available to councils, including council tax and business rates.
- As part of these reforms, **RSG will be phased out and additional responsibilities devolved to local authorities.**
- The government will allow directly elected mayors to add a premium to business rates to pay for new infrastructure, provided they have the support of the local business community through a vote of the majority of the business members of the Local Enterprise Partnership board.
- Government will consider transferring responsibility for funding the **administration of Housing Benefit for pensioners** and **Transport for London's capital projects** to local government and consult on options to transfer responsibility for **funding public health.**
- The government will consult on these and other additional responsibilities in 2016.

### Business Rates Review & SBRR

- The government's **long term review of business rates will now report at Budget 2016.**
- The Spending Review and Autumn Statement extends the **doubling of small business rate relief (SBRR)** in England for 12 months to April 2017.

## Council Tax

- **Council tax precept:** a social care 'precept' - a social care council tax 'precept' of 2% for councils responsible for delivering adult social care. Local authorities will be given this additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care. Estimates suggest this would raise an additional £55 million in London in 2016-17.
- **Council tax flexibility for policing:** The government will provide further flexibility for police forces with the lowest council tax bills to raise income from council tax by £5 rather than 2%. This proposal could allow them to raise up to an additional £12 million per year.

## Devolution to local government

- **Devolution deals:** DCLG will continue to oversee delivery of devolution deals agreed with city regions and other areas. Devolution deals already announced include Greater Manchester, Sheffield, West Yorkshire, Cornwall, Liverpool, West Midlands and Tees Valley.
- **London devolution:** The Mayor of London and the boroughs will jointly commission employment support outside the Jobcentre Plus regime, to assist the very long-term unemployed and those with health conditions and disabilities to (re)-enter work. The government, the Mayor of London and the boroughs will commence detailed discussions on how they can jointly shape every element of the commissioning process: from strategy to service design, managing provider relationships and reviewing service provision.
- **Local Growth Fund:** Between 2015-16 and 2020-21, the government will commit £12 billion to the Local Growth Fund, which puts money under the direct control of business-led Local Enterprise Partnerships. The government is also creating 26 new Enterprise Zones.

- **Efficiency and reform:** local authorities will have new flexibilities to spend 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Flexibility will be subject to a number of conditions, including limits on the years in which the flexibility will be offered and the qualifying criteria for reform projects. This detail will be set out by DCLG alongside the Local Government settlement in December.
- **Temporary Accommodation:** The management fee for temporary accommodation will no longer be administered through the housing benefit system. From April 2017, local authorities will be given more than equivalent funding directly (£10 million in total) to enable them to manage temporary accommodation and homelessness pressures as they see fit.

## Housing (five point plan)

The Spending Review sets out a **Five Point Plan** for housing to:

1. **Deliver 400,000 affordable housing starts by 2020-21 including:**
  - **200,000 Starter Homes** which will be sold at a 20% discount compared to market value to young first time buyers, with a £2.3 billion fund.
  - **135,000 Help to Buy Shared Ownership homes**, open to all households earning less than £80,000 outside London and £90,000 in London, and will relax and remove previous restrictions such as local authorities' rights to set additional eligibility criteria.
  - 10,000 homes that will allow a tenant to save for a deposit while they rent. This will be in addition to 50,000 affordable homes from existing commitments
  - at least 8,000 specialist homes for older people and people with disabilities
2. **Extend the Right to Buy to Housing Association tenants.** A pilot will be launched with five Housing Associations, to inform the design of the final scheme.
3. **Accelerate housing supply by bringing forward further reforms to the planning system, including:**
  - establishing a new delivery test on local authorities, to ensure delivery against the number of homes set out in Local Plans.
  - Releasing public sector land and ensuring the release of unused and previously undeveloped commercial, retail, and industrial land for Starter Homes.
  - Backing SME house builders, including by amending planning policy to support small sites, extending the £1 billion Builders' Finance Fund to 2020-21, and halving the length of the planning guarantee for minor developments.
  - Offering £2.3 billion in loans to help regenerate large council estates and invest in infrastructure needed for major housing developments.
  - Investing £310 million to deliver the first new garden city at Ebbsfleet. This is part of a wider £700 million programme of regeneration at Barking Riverside, Brent Cross, Northstowe and Bicester Garden Town. Together these will support up to 60,000 new homes.
4. **Extend the Help to Buy:** Equity Loan scheme to 2021 and create a London Help to Buy scheme, offering a 40% equity loan in recognition of the higher housing costs in the capital.
5. **Higher rates of Stamp Duty Land Tax (SDLT):** will be charged on purchases of additional residential properties, such as buy to let properties and second homes, with effect from 1 April 2016. The higher rates will be 3 percentage points above the current SDLT rates. The government will use some of the additional tax

collected to provide £60 million for communities in England where the impact of second homes is particularly acute. The tax receipts will help towards doubling the affordable housing budget.

## Impact on Local government by department

### Communities and Local Government (CLG)

- **New Homes Bonus:** The government will consult on reforms including sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately.
- **Local plans** – The government will bring forward proposals for a delivery test on local authorities, to ensure delivery against the homes set out in local plans within a reasonable timeframe.
- **Neighbourhood plans** – The government will ensure that local communities can allocate land for housing through neighbourhood plans, even if that land is not allocated in the local plan.
- **Homelessness** - The government will maintain real terms levels of spending on homelessness support services. It will devolve an increased level of funding to local authorities while ending from 2017-18 the current management fee for temporary accommodation paid from DWP to local authorities on a per household basis.
- **Public land:** departments have committed to sell land for more than 160,000 homes. The government will set the contribution local authority land disposals can make by the Budget.
- **Troubled Families** - The government will continue to invest in the Troubled Families programme to deliver better outcomes for 400,000 families by 2020 with efficiencies found from central budgets.
- **Community integration** - The government will maintain current levels of funding for community integration programmes. Targeted to support the recommendations of Louise Casey's review of opportunity and integration in isolated and deprived communities.
- **Health & social care integration** - The Spending Review makes available social care funds of £1.5 billion by 2019-20 for local government, to be included in an improved Better Care Fund. The government will also shortly consult on changes to the local government finance system to rebalance support including to those authorities with social care responsibilities by taking into account the main resources available to councils, including council tax and business rates.
- **One Public Estate programme will be extended:** £31 million to support local authorities to design more efficient asset management strategies.
- **Property disposals:** Government will publish new guidance for best practice on property disposals for local authorities by Budget 2016 and provide support to dispose of local authority sites which could be used for housing.
- **Salaries:** new guidance will be issued to local authorities to encourage them to rein in "excessive salaries" and do more to drive efficiencies for local taxpayers.

### Department of Health (DH)

- **Funding:** NHS England will receive £10 billion per annum more in real terms by 2020-21 than in 2014-15. NHS spending will increase from £101 billion in 2015-16 to £120 billion in 2020-21.



- **Public Health:** Government will consult on options to fully fund local authorities' public health spending from their retained business rates receipts, as part of the move towards 100 per cent business rate retention. The ring-fence on public health spending will be maintained in 2016-17 and 2017-18.
- **Better Care Fund:** An additional £1.5 billion will be made available to the Better Care Fund by 2019/20. The NHS' mandated contribution to the NHS will be maintained in real terms over the parliament. From 2017 the government will make funding available to local government, worth £1.5 billion in 2019-20, to be included in the Better Care Fund. By 2017, every part of the country must have a plan for complete health and social care integration, to be implemented by 2020.
- **Disabled Facilities Grant:** Local authorities receive this through the Better Care Fund, and it currently equates to £220 million for England (£27.5 million, or 12.5 per cent, in London) for 2015/16. SR15 includes over £500 million by 2019-20 for this grant.
- **National Living Wage:** The new Council Tax precept and the Better Care Fund is expected to be used to support councils to cover the costs of implementing the National Living Wage.
- **Childhood Obesity Strategy:** Key national services will continue to be mandated as greater powers will be devolved so that local authorities can take preventative action. The government will be set out in a Childhood Obesity Strategy in 2016.
- **Mental Health:** £600 million of the additional £10 billion will be invested in mental health services.

## Department for Education (DfE)

- **Overall schools budget:** protected in real terms, enabling per pupil protection of the Dedicated Schools Grant in cash terms and protection of the pupil premium at current rates.
- **National funding formula for schools:** will be introduced in 2017/18, including a 'transitional phase', with a detailed consultation in 2016. The national funding formula will cover schools, high needs and early years
- **Free childcare:** will double from 15 hours to 30 hours a week for working parents of 3-4 year olds, implemented from September 2017.
- **Education Services Grant:** will be cut by £600million as part of plans to "reduce the local authority role in running schools and remove a number of statutory duties" and turning all schools into academies.
- **£23billion of capital investment:** will fund 600,000 new school places, open 500 new free schools, and provide essential maintenance over the Parliament.
- **Universal infant free school meals:** Funding will be maintained.
- **16-19 year old funding:** The base rate for 16-19 year olds will be protected in cash terms, but funding outside of the base rate will not be protected.
- **Academies:** Sixth forms will be allowed to become academies, allowing exemption from VAT.

## Department for Transport (DfT)

- The **resource grant to Transport for London will be phased out**, representing 6% of TfL's annual budget and saving £700million in 2019-20.
- **Construction of HS2 will begin during this Parliament**, with a funding envelope of £55.7billion in 2015 prices. The London to Birmingham section will be delivered by 2026.
- A new **£300million Transport Development Fund** will support 'transformative infrastructure projects' such as Crossrail 2.

- **£300million will be committed to cycling investment** between 2015-16 and 2020-21
- The Highways Agency will deliver 112 major road schemes worth over £15 billion to 2020-21

## Home Office (HO)

- **Overall police spending:** protected in real terms over the Spending Review period
- **Capital investment:** Over £1.3 billion by 2019-20, and an additional £1 billion to overhaul the emergency services network.
- **Syrian refugees:** Over £460 million of the overseas aid budget will be used by 2019-20 to resettle up to 20,000 of the most vulnerable Syrian refugees, covering the full first year costs to ease the burden on local communities. A further £130 million will be provided by 2019-20 to local authorities to contribute to the costs of supporting refugees beyond their first year in the UK.

## Department for Work & Pensions (DWP)

### The DWP settlement includes:

- continued roll out of Universal Credit, extending job search conditionality to a further 1.3 million claimants per year by 2020-21
- a real terms increase in funding to help those with disabilities and health conditions return to, and remain in, work
- a new Work and Health Programme replacing the Work Programme and Work Choice which will provide specialist support for the long-term unemployed and claimants with health conditions and disabilities
- **Co-location of JCP with local authorities:** DWP's estate will be reformed and reduced by 20% and the number of jobcentres co-located with local authorities will be expanded, benefiting claimants and those using government services while delivering a total reduction of 30% in estate costs.
- **Tax credits:** The rate at which a claimant's award is reduced as each pound of their income exceeds the income threshold (known as the taper rate) will remain at 41% of gross income from April 2016. The level of income at which a claimant's tax credit award begins to be tapered away (known as the income threshold), will remain at £6,420 per year from April 2016. Claimants earning below this amount will retain their maximum award. Consequently the income threshold for Child Tax Credit-only claimants will remain at £16,105 in 2016-17. As announced at Summer Budget 2015, the income rise disregard in tax credits will reduce from £5,000 to £2,500.
- **Tax-Free Childcare:** the upper income limit will be lowered from £150,000 to £100,000 per parent and the minimum income level per parent will increase from the equivalent of 8 hours to 16 hours at the NLW.
- **Universal Credit rollout schedule:** The government will begin the rollout of the UC Digital Service in 2016, completing by 2021.
- **Universal Credit Minimum Income Floor:** The government will uprate the individual threshold in the UC Minimum Income Floor for the self-employed in line with the NLW instead of the NMW.
- **Temporary absence in Housing Benefit and Pension Credit:** The government will end the payment of Housing Benefit and Pension Credit to claimants to who travel outside of Great Britain for longer than 4 weeks consecutively, from April 2016.
- **Capping Housing Benefit in the social rented sector:** The government will apply the relevant Local Housing Allowance rates as maxima for Housing Benefit paid in the social rented sector, including the Shared

Accommodation Rate for single claimants aged under-35 without dependent children. The cap will apply from 1 April 2018 but only to tenancies signed after 1 April 2016.

- **Extension of the local authority Fraud and Error Reduction Incentive Scheme (FERIS):** The government will extend funding to the end of 2017-18 to reward local authorities for reducing fraud and error in Housing Benefit.

## Infrastructure

- **Capital:** Departmental capital spending will increase by £12 billion over the next five years, meaning over £100 billion will be invested in the UK's infrastructure.
- **Transport:** Transport investment will increase by 50 per cent to £61 billion over this parliament, including starting construction on HS2, spending £13.4 billion on the Roads Investment Strategy and over £5 billion on roads maintenance
- **National Infrastructure Delivery Plan:** the government will publish this next spring, setting out in detail how it will deliver key projects and programmes over the next five years.
- **UK Guarantees Scheme:** The Government will extend the availability of the £40 billion UK Guarantees Scheme to March 2021, to help infrastructure projects raise finance from banks and the capital markets.
- **Roads:** This parliament will see a £15 billion investment in the Roads Investment Strategy, and an additional £250 million to tackle potholes.
- **Rail:** Over the next five years, £475 million will be used to fund large local transport projects, and £300 million for a new Transport Development Fund, for the next generation of transport infrastructure projects.
- **London Investment:**
  - £11 billion of support for transport investment including Crossrail, new Underground trains, new buses, and a network of cycle superhighways.
  - New cultural and university quarters will be delivered in the Queen Elizabeth Olympic Park.
  - £150 million will be invested in museum storage to replace Blythe House and support for redevelopment of a new campus for the Royal College of Art.
  - £97 million will be used for the Thameslink station at Brent Cross.
  - £55 million will be used to extend the London Overground to Barking Riverside.
  - The publicly owned land around the Old Oak Common HS2 station will be brought together into single control.
  - London Help to Buy will see the government loan 40 per cent of the price of a home, providing the purchaser is able to pay a five per cent deposit, for a new build home worth up to £600,000.
- **Transport for London:** TfL's resource grant, which makes up around six per cent of its annual budget, will be phased out, amounting to £2.8 billion in savings by 2019. TfL is expected to fill the hole through efficiency savings and asset sales.

## London Councils' Future Work

London Councils will undertake further analysis in the coming days, including circulating revised estimates of core funding to boroughs, based on the newly published resource DEL figures. However, the exact figures for 2016-17 will not be known until the LGF settlement in December. Further briefings will be provided then.

## Appendix A – Resource DELs by department 2016-17 to 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20	Real % change 15- 16 to 19-20
Defence	27.2	27.8	28.5	29.2	30.0	2.3%
Single Intelligence Account	1.8	1.8	2.0	2.1	2.2	17.0%
Home Office	10.3	10.7	10.6	10.6	10.6	-4.8%
Foreign and Commonwealth Office	1.0	1.0	1.0	1.0	1.0	0.0%
International Development	8.5	9.1	9.3	10.7	11.0	21.0%
Health (inc. NHS)	111.6	115.6	118.7	121.3	124.1	3.3%
Work and Pensions	5.8	6.1	6.3	5.9	5.4	-14.0%
Education	53.6	54.4	55.5	56.4	57.1	-1.1%
Business, Innovation and Skills (5)	12.9	13.4	12.3	11.7	11.5	-17.0%
Transport	2.6	2.0	2.1	2.2	1.8	-37.0%
Energy and Climate Change	0.9	0.9	1.0	1.0	0.9	-16.0%
Culture, Media and Sport	1.1	1.2	1.2	1.2	1.1	-5.1%
DCLG Communities	1.5	1.4	1.4	1.3	1.2	-29.0%
Scotland	25.9	26.1	26.3	26.3	26.5	-5.0%
Wales	12.9	13.0	13.1	13.2	13.3	-4.5%
Northern Ireland	9.7	9.8	9.9	9.9	9.9	-5.0%
Justice	6.2	6.5	6.3	5.8	5.6	-15.0%
Law Officers' Departments	0.5	0.5	0.5	0.5	0.5	-2.1%
Environment, Food and Rural Affairs	1.5	1.7	1.6	1.5	1.4	-15.0%
HM Revenue and Customs	3.3	3.5	3.4	3.1	2.9	-18.0%
HM Treasury	0.2	0.2	0.2	0.1	0.1	-24.0%
Cabinet Office	0.2	0.3	0.3	0.3	0.2	4.4%
National citizenship service	0.1	0.2	0.2	0.3	0.4	-
Small and Independent Bodies	1.5	1.5	1.5	1.5	1.5	-6.6%
Reserve	3.5	3.5	3.4	3.5	4.1	-
Adjustment for non-baselined funding	0.4					-
<b>Total RDEL plans (central govt)</b>	<b>304.7</b>	<b>312.2</b>	<b>316.6</b>	<b>320.6</b>	<b>324.3</b>	<b>-1.2%</b>
Local govt spending	40.3	38.6	38.9	39.7	40.5	-6.7%
DCLG Local Government	11.5	9.6	7.4	6.1	5.4	-56.4%
Locally financed expenditure	28.8	29.0	31.5	33.6	35.1	13.1%
<b>Total Resource DEL excluding depreciation</b>	<b>316.2</b>	<b>321.8</b>	<b>324.0</b>	<b>326.7</b>	<b>329.7</b>	<b>-3.2%</b>
OBR allowance for shortfall	-1.0	-1.0	-1.0	-1.5	-1.5	39.3%
<b>Resource DEL excluding depreciation forecast</b>	<b>315.2</b>	<b>320.8</b>	<b>323.0</b>	<b>325.2</b>	<b>328.2</b>	<b>-3.3%</b>

Note: Figures are in £ billion

## Annex B – Capital DELs by department 2016-17 to 2019-20

	£billion					
	Baseline			Plans		
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Defence	7.1	7.3	7.5	7.8	8.1	8.7
Single Intelligence Account	0.4	0.4	0.4	0.4	0.5	0.5
Home Office	0.4	0.5	0.5	0.4	0.4	0.4
Foreign and Commonwealth Office	0.1	0.1	0.1	0.1	0.1	0.1
International Development	2.6	2.7	3.2	2.8	3.1	3.6
Health (inc. NHS)	4.8	4.8	4.8	4.8	4.8	4.8
Work and Pensions	0.2	0.3	0.4	0.3	0.2	0.2
Education	4.6	5.2	4.6	4.4	4.4	4.6
Business, Innovation and Skills	3.8	3.1	2.2	1.7	1.7	1.6
<i>Of which financial transaction in CDEL</i>	1.6	1.0	0.4	0	-0.1	-0.2
Transport	6.1	6.3	7.6	8.9	11.4	12.4
Energy and Climate Change	2.3	2.4	2.5	2.4	2.3	2.8
Culture, Media and Sport	0.4	0.4	0.4	0.4	0.3	0.2
DCLG Communities	3.1	4.0	3.7	4.0	3.6	4.3
Scotland	3.0	3.2	3.2	3.2	3.4	3.5
Wales	1.5	1.5	1.5	1.6	1.6	1.7
Northern Ireland	1.1	1.1	1.1	1.2	1.2	1.2
Justice	0.4	0.7	0.7	0.7	0.4	0.1
Law Officers' Department	0	0	0	0	0	0
Environment, Food and Rural Affairs	0.5	0.6	0.6	0.6	0.5	0.5
HM Revenue and Customs	0.1	0.2	0.2	0.2	0.2	0.2
HM Treasury	0	0.1	0.1	0.1	0.1	0
Cabinet Office	0	0	0	0	0	0
Small and Independent bodies	0.1	0.1	0.1	0.1	0.1	0.1
Reserves	1.0	1.1	1.3	1.3	1.2	1.1
Capital spending not yet in budgets	–	–	–	–	–	3.0
Adjustment for non-baselined funding	0.3	–	–	–	–	–
<b>Total Capital DEL Plans</b>	<b>43.7</b>	<b>46.0</b>	<b>47.0</b>	<b>47.5</b>	<b>49.8</b>	<b>55.7</b>