



**Department for
Communities and
Local Government**

Local authority leaders

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Dear colleague

AUTUMN STATEMENT

Today the Chancellor announced the details of the Coalition Government's Autumn Statement. I just wanted to take the opportunity to highlight some of the announcements which relate to local government funding and finance.

Local government funding

While the Chancellor has announced new, further departmental savings for departments, local government has been protected. The Chancellor has said this is to encourage councils to take up the Council Tax freeze offer which is again available to local authorities in the coming financial year.

We have also listened and carefully considered the responses to the recent consultation on allocating an element of the New Homes Bonus to Local Enterprise Partnerships. In light of the powerful arguments made by colleagues in local government, we will not be making changes to the New Homes Bonus for councils outside London (in London, there is a stronger case for pooling given the Greater London Authority's role in planning). The £2 billion Local Growth Fund will be made up from other decentralised budgets.

Following a consultation, we have today confirmed there will be a new a national Council Tax discount of 50% for family annexes from April 2014. This will support extended families living together, for example with children saving for a new home or elderly parents (who would not otherwise qualify for the existing exemptions). It will be fully funded by central government.

Cutting business rates and helping local shops

To continue to prioritise local growth we have announced a £1.1 billion package to reduce the burden of business rates on businesses. This includes:

- The 3.2% RPI increase for 2014-15 will be reduced to 2%.

- There will be a £1,000 discount for all retail, pubs, cafes (excluding banks and betting offices) with rateable values below £50,000 for 2 years.
- The doubling of Small Business Rate Relief will continue for a further year.
- Ratepayers will continue to keep their Small Business Rate Relief entitlement for a year where they take on a second property
- New occupiers of former retail premises which have been unoccupied for a year will receive a 50% discount for 18 months.
- There will be a consultation on reforms to the business rates appeals process and a commitment to clear 95% of the September 2013 backlog of appeals before July 2015.

Local authorities will be fully refunded for the loss in revenue resulting from these changes. This is part of a wider package of practical measures to help local high streets which will be published tomorrow (Friday 6 December).

Increasing funding for housing

We have announced a number of new measures to support house building. This includes a £1 billion, 6-year investment programme to fund infrastructure to unlock new locally-led, large housing sites. This will support the delivery of around 250,000 houses. We are doing more to support Right to Buy: introducing agents to help buyers complete their purchase, and a £100 million fund to improve applicants' access to mortgage finance. We also intend to consult on a Right to Move for social tenants wanting to take up work or training in another area.

Reforming the Housing Revenue Account was a key Coalition Agreement pledge. We have already decentralised housing finance, but we appreciate there is further scope for greater flexibility.

We have announced a review into the role of local authorities in supporting overall housing supply. Accompanying this, the government has announced a limited increase in Housing Revenue Account borrowing.

The additional £300 million will be allocated via a competitive bidding process with support given to councils who can produce good business cases, agreed by their local enterprise partnership, that bring in local authority owned land and other forms of cross-subsidy such as sales of high value vacant property, raising funds to provide more overall homes.

Delivering savings from cutting fraud

Alongside the roll out of the Single Fraud Investigation Service, DCLG and DWP are investing in local government's capacity to tackle non-welfare fraud. This package of support will include extra funding over 2014-15 and 2015-16 which will be able to support new fraud investigator posts in councils focussed on tackling corporate fraud.

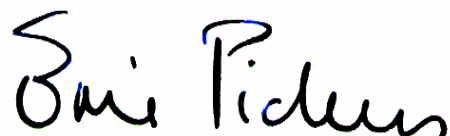
Transforming local services

To incentivise asset sales and support investment in transforming local services, the government will allow local authorities new flexibility to use £200 million of receipts from asset sales over 2015-16 and 2016-17 to pay for the one-off costs of service reforms. We will publish a prospectus inviting bids to access a share of this flexibility in the New Year.

Support for health and social care

At the Spending Round, we took a major step forward in bringing together health and social care services around vulnerable people, with the new pooled Better Care fund of £3.8 billion. You are already working with your colleagues in health to develop your plans. In response to your concerns about the fund being for only one year, the Statement spells out the government's intention to make sure pooled funding is an enduring part of the health and social care system beyond 2015-16. We will also work to give local public services the same long-term indicative budgets as departments, to allow more up-front investment and local deals.

I hope these proposals will provide stability for local government, help drive further service improvement and support hard-working people and local firms in your locality.

A handwritten signature in black ink that reads "Eric Pickles". The signature is written in a cursive, slightly slanted style.

THE RT HON ERIC PICKLES MP