



Summary

George Osborne, the Chancellor of the Exchequer, today announced his spending and fiscal plans for the next four years and the remainder of this Parliament - putting forward his plan to achieve an overall Government budget surplus by 2020. Today's **Comprehensive Spending Review** sets out the budget for every government department and the broad spending plans of Britain's first majority Conservative Government since 1992, outlining where the spending cuts will fall to meet the Government's plans.

Items of Interest

- **Local authorities will become entirely responsible for business rates by the end of this Parliament**
- **Funding for grassroots sport will get a 'flat cash settlement' which will likely be outlined in the upcoming Strategy for Sport**
- **The ring-fenced public health grant is to be protected until 2018**
- **By 2020, the Government's aim is to have three million apprenticeships in place, with spending compared to 2010, set to double to a total of £2.5 billion.**
- **An Apprenticeship Levy from will be set at 0.5% of an employer's paybill, but offset by an allowance of £15,000.**
- **The NHS budget is to be increased by £6bn in 2016/17, toward a £10bn increase by 2020**
- **Britain is the fastest growing economy in the G7 since 2010, predicted to continue growing at 2.5% a year until at least 2020**

Business and the Commercial Landscape

A vibrant private sector and double the number of apprentices

The Department for Business, Innovation and Skills has been hit by a 17% cut to its budget – but not it seems at the expense of local and national businesses, and while committing to drastically scale up the quantity and quality of apprenticeships in the UK.

“By 2020, the Government's aim is to have three million apprenticeships in place, with spending compared to 2010, set to double to a total of £2.5 billion”

This relies on implementing an apprenticeship levy, which from April 2017 will be set at 0.5% of an employer's paybill. Yet every employer is set to receive an allowance of £15,000. As a result, the levy will only be paid by any employer whose paybill is over £3 million – excluding 98%



of UK employers, and the vast majority of bodies in the physical activity sector.

These apprenticeships will be supported by an employer-led body to “champion standards and ensure quality.” Independent of government, this body will have the power to advise the level of levy funding each apprenticeship should receive.

Yet while apprenticeships are being protected – the broader adult skills budget faces £360 million worth of efficiency savings and cuts – many of which will be from the UK Commission for Employment and Skills.

The Devolution Revolution

As the Chancellor had already indicated, today saw a continuation of the devolving power to local authorities and an expansion of the ‘Northern Powerhouse.’

Osborne confirmed that local authorities will become entirely responsible for business rates by the end of this Parliament – allowing them to cut rates where they see fit, and keep the proceeds from attracting new business.

This reform will see the main local government grant phased out, and new powers devolved to local authorities, driving them toward a model of self-sufficiency.

The Chancellor also pledged close to £20bn for the rolling out of his vision of the ‘Northern Powerhouse:’ alongside Greater Manchester, new areas Merseyside, Sheffield, the North East and Tees Valley are to receive to a **directly elected Mayor, new investment and sweeping powers** over local health, transport and education decisions.

This move sets the stage for further progress, and more power and spending decisions will likely be further devolved in the coming years to local authorities. Already Greater Manchester is pioneering an innovative, integrated to local public health strategy through combining their Health and Social Care budgets, and as more regions grow in autonomy we’re likely to see an even greater number of new approaches to public health.

Public Health & the NHS

The budget for the **NHS is set to increase by £6bn in 2016/17**, representing a significant front-loading of the Conservative’s election pledge to increase health spending by £10bn by 2020 to ease the financial pressure it faces from a spiralling deficit, demand for a higher quality of care and the UK’s ever-ageing population.

The remaining £4bn of funding will be spread out over the next four years, with annual increases ranging from nearly £2bn in 2017/18 to only £500m in 2018/19

Social care also saw a much-needed increase in funding, with local councils given the power to raise council tax by 2% to exclusively fund their local adult social care services.



The Chancellor has confirmed that the ring-fenced public health spend will be maintained in 2016/17 and 2017/18

The Chancellor is seeking ways for local authorities to play a greater role in funding and delivering public health services. This includes possibly devolving greater powers to local authorities in the future, and consulting on the entire local public health grant being funded through the receipts from local business rates.

Osborne's plans suggest he sees local authorities taking on even more responsibility in funding and delivering the UK's public health system. The public health grant is maintained only until 2018, at which point it will likely fall as the method of funding switches from central government to the receipts from local authority business rates.

For now, the extra NHS funding will give CCGs some breathing room to get back into the black, and more powers and increased autonomy for local authorities could allow them to join up their health budgets and deliver more cost-efficient preventative services. Beyond that however, the future of public health remains uncertain.

Education and Schools

Only schools protected

Another election pledge of the Conservatives' was to ring-fence spending on schools – which the Government delivered on today, keeping spending per pupil protected in real terms this year – with £390m of additional funding given to schools who have unfairly missed out on funding in the past.

Osborne is supporting this investment with the introduction of a new schools funding formula, which he has said the Government will consult on in the New Year. The system is being designed to ensure funding is more broadly and fairly distributed across schools in the country.

Reiterating that education and schools is one of the top priorities for Government, a total of £23bn has been pledged to improve school buildings and fund up to 600,000 new school places – although no further word was made on primary 'Sport and PE Premium,' which as of now is still set at £150m a year

Sport and Grassroots Funding

Going for gold....

The Department of Culture, Media and Sport feared the worst from this Spending Review, with some commentators predicting that up to 40 per cent of the Department would be axed.

To do so would be a 'false economy', said Osborne, whose cuts to DCMS were slightly less than other departments, not least due to the additional revenue generated by a successful cultural economy.



Despite operational cuts to the DCMS of 20 per cent, Osborne sought to protect and expand some areas of the Department.

Funding for grassroots sport will get a 'flat cash settlement' which will likely be outlined in the upcoming Strategy for Sport, while UK Sport will be increased by 29 per cent in order to boost GB's chances at the elite level of sport

At the elite level, too, Osborne confirmed that the UK intended to host the Cycling Road World Championships and the 2021 Rugby League World Cup in the North of England.

Also given a boost was the Arts Council, with a new headquarters in Battersea, as well as increased funding for Heritage services and the Big Lottery Fund, as well as the BBC's World Service.

It begs the question of where the 20 per cent cuts will fall; it is likely that drawbacks to NGB funding will be made in the new Strategy for Sport, as well as the potential for less funding drawn down from Sport England. Osborne cited 'operational' savings in the Department as well as a change in the system of oversight for the Royal Parks.

The increase in spending for sport at the elite level through UK Sport means that as part of the upcoming Sport Strategy, there may be an even stronger focus from Sport England on grassroots and a focus on inactivity to offset the new cash-injection for Olympic hopefuls.

Finally, the Chancellor today announced a consultation for the 2016 budget on how to expand the support that could be given to grassroots sport through the corporation tax system.