

Agenda

Executive Advisory Board: Supplemental Agenda

Thursday 20 October 2022

2.15 pm

Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

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LGA Lobbying Headlines 18/10/2022

Critical issues

Growing financial and service pressures – When inflation was expected to be 8% in 2022/23 our analysis suggested cost pressures would be £2.4 billion higher in 2022/23 than they were when councils were planning their 2022/23 budgets in autumn last year. Our analysis also suggests a funding gap of £3.4 billion in 2023/24 and £4.5 billion in 2024/25 including the forecast increase in the National Living Wage. Since then, inflation has risen to 10 per cent and has been predicted to rise higher. We will continue to make the case for sustainable funding and are calling on the Government to ensure that councils are not in a position where they must cut services. We are undertaking some analysis on how the recent increases in interest rates could impact on councils in terms of borrowing and capital refinancing costs and how this might impact on capital investment programmes.

Services reliant on earned income, such as leisure centres, museums, and theatres, face additional challenges to their budgets as they have significantly higher energy costs but are seeing income squeezed as residents have less disposable income. For libraries and parks, this is being compounded by increased demand for the free part of the service. Feedback from the sector is that the energy cap for businesses is insufficient to support most leisure sector providers and we are working with partners to prepare a business case for further support at the three-month review. Insight from the sector about possible closures and extra support given to providers is critical to making this case.

A proposed new ceiling for social housing rents, alongside increasing expenditure costs as a result of inflationary pressures, could also compromise the future sustainability of Housing Revenue Accounts for some stock-holding councils. We continue to push the Government to provide clarity on planned reforms such as the Fair Funding Review, business rates reset and the New Homes Bonus.

Economic Growth – Economic growth is a clear priority of the Government and councils. Areas across England were invited to submit proposals for Investment Zones (by 14 Oct), designated areas potentially subject to lower levels of regulation and business tax. We are awaiting several new ‘supply side’ measures relating to council services, including possible changes to planning and environmental powers. The LGA and local leaders want to work with national Government to build a sustainable approach to long-term growth with measures including decentralising and defragmenting growth funding and skills and employment services, expediting existing capital allocations and giving planning authorities the powers to incentivise developers to build.

Cost of living pressures in communities - The LGA continues to call for the mainstream benefits system to provide the principal form of support for low-income households, and for support with rising costs to be targeted to the households, businesses, and services where it is most needed.

The Household Support Fund is currently due to end in March 2023, and we continue to call for more sustainable funding for local welfare support alongside a greater focus on strengthening households’ financial resilience in the longer term.

The voluntary and community sector, small businesses and community assets are vital to maintaining socioeconomic wellbeing and enabling people to both offer and receive support. We are calling on Government to ensure that community infrastructure is maintained through the tough times ahead.

The LGA is working with councils to take a cross-cutting approach to addressing cost of living pressures, bringing together services including health, housing, welfare, social care, employment, transport, libraries, education, and the environment. For example, if people are not able to heat their homes, they may develop health problems due to cold and damp conditions. People might also struggle to afford good quality housing and in some cases, food.



While the measures in the Energy Security Bill are positive, we need to go further to urgently decarbonise energy and insulate homes to make households more resilient to rising energy costs.

We have developed a cost-of-living [hub](#) and a regular bulletin, and we are hosting a wide range of meetings and webinars to bring councils together to share learning and contribute to on-going policy and lobbying work with Government and partners.

The combination of dramatically increased costs and reduced demand may make some crucial library, leisure, and other services unsustainable without additional government action.

Workforce capacity - Workforce capacity concerns continue to dominate councils' risk profiles as both senior leadership and front-line service delivery roles encounter challenges in recruiting and retaining staff. Maintenance of service delivery could be compromised in some areas as a result of the lack of sufficient suitable staff.

Levelling Up and devolution deals – We are pleased that the Government has confirmed its commitment to offer all of England the opportunity to benefit from a devolution deal by 2030. The LGA believes that devolution deals should be about the transfer of powers from Whitehall to local government. The Government previously signalled its intention to create a new Office for Local Government to strengthen innovation and the use of data. We have written to the new Prime Minister arguing at a time of resource constraint across government, it is questionable what additional value the Office will provide and suggest there are better ways to achieve the same goal.

Planning – We continue to lobby on the Government's revived planning reforms, and we continue to lobby the Government on providing councils with powers to encourage a timely build out of schemes by developers. We will also continue to lobby for the removal of permitted development rights. It is good to see that any new Infrastructure Levy will be non-negotiable and set at a local level. Empowering councils with further powers to bring vacant properties back into use is also an encouraging step and we will work with Government to ensure that these are simple, inexpensive, and effective for councils to use. It is vital that the proposal to introduce a new approach to environmental assessment strengthens environmental protections whilst ensuring that councils can still deliver the new homes and supporting infrastructure that the country needs.

Adult social care – Waiting lists are increasing and we are asking the government for additional funding to ensure social care is able to cope with inflationary pressures, new demands, and the need to support the NHS through the winter. We remain very concerned that the funding allocated for the Government's adult social care reforms is likely to be inadequate, and that councils' capacity to deliver the reform programme – alongside the large range of other pressures - is extremely stretched. We have raised these concerns through various routes with Ministers and officials and want to discuss options to manage pressures and public expectations. Our recent survey of lead members showed 98% did not believe that funding available would cover the costs of reform and we want the Government to learn from the trailblazer authorities before rolling out the reforms to all authorities.

We are calling for the government support people with a learning disability and autism to live independent lives in their local communities through investment in community alternatives to institutionalised care so they can live the life they want to lead as active citizens.

Other issues of importance for the sector

Ukraine, asylum, and resettlement – Councils continue to raise significant concerns about supporting arrivals from Ukraine beyond the six-month period if sponsors no longer feel able to host people. Pressures caused by asylum dispersal and the Afghan schemes remain extremely acute, particularly around the emergency use of hotels. Each devolved administration and region is developing a plan for a more equitable approach to asylum dispersal for implementation in April 2023. We continue to push for systematic oversight and engagement across all schemes, underpinned by data.

Unaccompanied asylum-seeking children – high numbers of arrivals of UASC in small boats has prompted changes to the National Transfer Scheme, placing significant additional pressure on councils.



This pressure is exacerbated by workforce challenges and an insufficiency of placements, alongside shortfall in funding to support UASC and former UASC care leavers. The new expectations on councils to take more unaccompanied asylum-seeking children and more quickly are placing greater pressures on children's services and we are asking government to work with us to consider more fundamental solutions.

Covid - Everyone over 50 will be offered a Covid booster vaccine this autumn. The UK Health Security Agency (UKHSA) are expecting an early influenza wave in the UK because there has not been a proper flu season since the start of the Covid pandemic. We are pressing for directors of public health to be fully involved in planning for both sets of vaccines to maximise uptake by communities.

SEND (Special Educational Needs and Disabilities): Dedicated Schools Grant deficits - We welcome many of the proposals set out in the SEND Green paper and will continue to lobby to ensure that councils have the funding, powers, and levers to act as leaders of local SEND systems and hold partners to account for their contributions to those systems. Implementing SEND reforms will take a number of years and in the meantime, we are calling for the Department for Education to develop a plan that eliminates the Dedicated Schools Grant deficit of every council.

Education – The Schools White paper acknowledged that councils would need additional powers to fulfil their education statutory duties in a fully academised school system and we are focused on ensuring the power to direct schools to expand and the power to direct schools to admit pupils without a place are introduced as quickly as possible, recognising that in some areas the majority of schools are already academies. We are pleased that the Department has listened to our calls to allow councils to create their own Multi-Academy Trusts (MATs) and will continue to call for this to be an option for all councils. The Schools White paper and Bill bring forward proposals to create a register of children being electively home educated. This reflects a long-standing LGA ask, we are calling for the register to be accompanied by sufficient powers for councils to check that home educated children are receiving a suitable education, where concerns have been raised that that is not the case.

Children's social care – councils are reporting significant workforce challenges driven largely by agency behaviour including being unable to hire individual social workers but being offered only managed teams. This is causing concern over the deliverability of services. Placement capacity and costs also remain a significant pressure, causing councils to overspend on budgets.

Environment - Housing planning permissions have been put on hold in 70 local authority areas by a moratorium imposed by Natural England due to excess levels of river pollution, we estimate banning around 20,000 new homes a year. The LGA has set up a policy inquiry to find a long-term solution that protects the environment by improving water quality and reducing pollution, while also delivering the homes and infrastructure that the country needs. On other environment matters, we continue to engage with Government on the implementation of Biodiversity Net Gain, nature recovery, and the potential reforms to household waste collection,

NHS – There remains a great deal of work to be done to implement new arrangements for Integrated Care Systems. We continue to press to ensure that councils can play their full role as equal partners in the new arrangements, recognising the crucial role of place, the strategic role of Integrated Care Partnerships and aiming to avoid over-prescribing local arrangements.

Mental Health - Demand for mental health support increased during the pandemic and is anticipated to increase further due to the cost-of-living crisis. We are calling for sustainable funding for local government statutory and non-statutory mental health services to put them on an equal footing with NHS clinical mental health services. The LGA is working with the Government to identify any new burdens arising from the new Mental Health Act and to ensure councils and our partners are adequately resourced to support effective implementation. We continue to call for a system wide focus on early intervention and prevention to prevent mental health problems developing.

Civility in public life - The LGA launched a new report on the findings of the Call for evidence of abuse and intimidation of councillors at LGA conference, alongside key recommendations for improvement and



a major campaign. Key recommendations are for Government to amend the existing legislation on pecuniary interests, so that councillors may choose not to have their full home address on the public register, as they now can on the ballot paper when standing for election.

Homelessness – Councils are becoming increasingly concerned that the cost-of-living crisis may trigger an increase in homelessness as households struggle to pay bills. We are seeking an explicit, national-level focus on homelessness prevention work and an associated funding regime that enables and encourages councils to avoid residents reaching crisis and reduces demand for emergency responses.

Housing - The government is currently consulting on a new ceiling to maximum social housing rent increases due to the very high rate of CPI (Consumer Price Index) inflation. The much higher than expected rate of inflation is placing considerable pressure on many households, including those living in social housing and is likely to continue to do so for many months ahead. It is estimated that local authority rental income will be £2.5 billion lower over the period 2023-28 if a 5% rent cap is introduced. We have raised concerns that a new cap on rent increases will significantly impact on housing providers' ability to provide critical services for residents and invest in new and existing homes and are calling for the government to commit to compensate for the impact of lower incomes as a result of any new cap.

Climate change - The critical role of local government was recognised in the Government's Net Zero Strategy and in the final declaration of COP27. As the Government reviews the strategy, we are re-emphasising our offers to work with Government on urgent efforts to increase the renewable sources of energy, to retrofit homes and buildings, and to provide comprehensive energy advice to households.

Transport - Following the introduction of the Transport Bill, we would welcome further measures being brought forward to protect and enhance bus services, particularly the government delivering on its commitment to £3bn in this parliament. We will also continue to lobby for further legislation to be brought forward to help councils tackle pavement parking, deal with obstructive parking that is a danger to pedestrians and vulnerable people and regulate the sale and use of private e-scooters. We will lobby for more funding for roads maintenance, where 20-25 per cent cost increases in the sector means repair backlogs and road quality deterioration will grow if funding does not match it.

Digital - We are particularly concerned about the implications of the Public Switch Telephone Network (PSTN) switchover which will see the 1.7 million people who access technology enabled care and support, at risk of being left without a connection. While the PSTN upgrade is an industry-led process, the LGA is calling on the Department for Digital, Culture, Media, and Sport (DCMS) to coordinate the multiple bodies involved with the switchover. Coordination and accountability will be vital to align communications messaging and ensure sectors and consumers, including the most vulnerable, are protected and prepared for the upgrade process.

Meeting: Executive Advisory Board

Date: 20 October 2022



2022 Autumn Fiscal Event

Purpose of report

For direction

Summary

The purpose of this report is to advise Executive Advisory Board of the LGA's work in advance of an Autumn Fiscal event in October 2022 and seek the Boards views on further activity.

Recommendations

That the Executive Advisory Board notes the LGA submission to an Autumn fiscal event and recommends further activity in advance of an October announcement and the 2023/24 Local Government Finance Settlement.

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2022 Autumn Fiscal Event



Background

1. In September the Government announced that it would set out its medium-term fiscal plan on 23 November. This month the Chancellor confirmed that this will be brought forward to 31 October 2022 and will include an economic and fiscal forecast and medium-term fiscal plan. On 17 October the Chancellor reversed a number of tax decisions that had previously been announced in the mini-budget on 23 September. The Chancellor also confirmed that he would set out a costed plan to reduce debt as a share of the economy as part of the 31 October announcement. The Chancellor made reference to the need to take “difficult decisions” to achieve this.
2. The Chairman and Group Leaders [wrote to the new Chancellor](#) on 14 October congratulating him on his appointment and sent him the [LGA’s submission](#) to the Autumn 2022 fiscal event. This report summarises the LGA’s approach to the Autumn event which at the time of writing is due to take place at the end of October.

LGA Submission

3. Over the summer, the LGA has been developing a submission in advance of a 2022 Autumn Budget. The Chairman and Group Leaders recommended that the submission should be a focused document, with a small number of priority themes, and strong messaging on the cost pressures facing councils as a result of inflation, wage and energy costs, and a clear ask for additional funding to meet cost pressures for 2022/23 and future funding gaps.
4. The original plan was to develop and clear the submission with the Executive Advisory Board but this was disrupted by the cancellation of the September meeting and the bringing forward of the fiscal announcement to the end of this month. Therefore, the submission was cleared by the Chairman, Group Leaders and Lead Members of Resources Board.
5. The [submission](#) includes the clear message that devolution to councils offers better value for money than the current centralised approach, is consistent with a smaller central state, and can help the new administration to deliver its ambitions. However, councils need to be appropriately resourced both in the short and longer term. The submission includes the following key areas:
 - **The cost pressures facing councils:** We press the Government to meet the cost pressures and fundings gaps, that have arisen since the 2021 Spending Review, with longer term funding for local government alongside the need for greater devolution of funding and powers.

- **People focused issues:**
 - i. **Adult social care:** Social care reforms must be properly funded, with elements of the reforms deferred in favour of a phased implementation approach.
 - ii. **Children’s services:** The Government should meet the cost pressures already in the system, and target additional funding at additional support for families, children’s mental health services and extend family hubs to all areas.
 - iii. **Cost of living:** Calls for support for people experiencing financial crisis and longer terms measures on skills and employment, housing and retrofitting.
 - **Economic growth:** Sets out how devolution deals for every area, consolidating growth funding and expediting investment programmes and refining capital funding will help local areas to deliver economic growth.
 - **Net zero:** The Government should support councils to lead place-based approaches to hit net zero targets, which cost less than a centralised approach and deliver twice the social and financial returns.
6. Over the summer the LGA sent a survey to a sample of councils to gather further information on the cost pressures they are facing and their implications for council finances and services. The interim results of the survey have been included in the LGA submission to the Autumn fiscal event. The survey was reopened at the end of September to encourage more councils to respond. The LGA will use the results of this survey to help make the case for funding to meet the pressures councils are facing.

Other LGA work

7. The LGA has and will continue to use campaigning tactics – with a planned series of media, collective social media, stakeholder and parliamentary engagement – to maximise visibility of key messages and facts, highlighting in particular the impact of existing cost pressures and the risks of spending cuts. Our communications and campaign objectives are to ensure the threats to local government remain high on the political agenda and in the news cycle, and to identify and work with the sector and partners to collectively raise our voice on this issue.
8. We will be focusing on the following activities:
- Repeatedly getting our messages – and highlighting the risks – out in front of opinion formers and the public via the media through interviews, opinion pieces and statements.
 - Producing and sharing content and messaging which the LGA, our members and other supporters can use across their channels so we can collectively and consistently raise our voice in the run up to the fiscal event.

- Using the resumption of parliament to actively engage MPs and Peers to ask questions and use parliamentary channels to ensure visibility of the LGA's campaign.

9. This includes the following media activity:

- Chairman Cllr James Jamieson was interviewed about the cost pressures facing local government on BBC Radio 4's World at One and BBC News, while Senior Vice Chair was also separately interviewed by BBC News.
- Cllr Jamieson has written a comment piece for Politics Home warning about the urgent need for financial certainty to protect against further cuts to local government funding. This will also be published in LGA first magazine this month.
- The Guardian, LGC and MJ reported our lines in response to the Institute for Fiscal Studies report on the fiscal options available to the Chancellor on October 31. We were also quoted in an MJ feature on the views of the sector on the need for a multi-year financial settlement.
- We are talking to numerous councils about the financial pressures they are facing, with a view to lining up further broadcast media packages with real-life council case studies and examples.
- Every week we are reaching out to producers on key political programmes, including the Laura Kuenssberg and Sophy Ridge on Sunday and regional political shows, to brief LGA lines ahead of interviews with key politicians.
- We are using our established relationships with national journalists, including the Sunday Telegraph and Sunday Times, to try and arrange LGA interviews and briefings ahead of the Fiscal Plan.

10. Activity in Parliament includes:

- Briefed Peers ahead of a House of Lords debate on the economy which took place on Monday 11 October.
- Worked with Andrew Lewer MP (Conservative), LGA Vice-President and Member of Levelling Up, Housing and Communities Committee on written questions calling for a multi-year funding settlement and the affordability of adult social care reforms.
- Also working with Andrew Lewer on a piece for either Conservative Home or House Magazine on local government financial pressures.
- Worked with Mike Amesbury MP (Labour), LGA Vice President, to table an oral question on 17 October at Department for Levelling Up, Housing and Communities highlighting the impact of funding for local government not keeping up with inflation, energy costs and increases to the National Living Wage.
- Working with Bob Blackman MP (Conservative), LGA Vice-President and Member of Levelling Up, Housing and Communities Committee on written questions regarding local government finance.

- Working with Levelling Up Committee Clerk and Chair of the Levelling Up Committee, Clive Betts MP, on providing them with suggested questions and council case studies ahead of Simon Clark's (Levelling Up Secretary) appearance at the Committee.
- Briefed Vice-Presidents and other relevant Parliamentarian's on the Chairman's comment piece in Politics Home.
- Will be continuing to engage with relevant MPs and Peers right up until the Budget on 31 October. This includes approaching Opposition Ministers and Liberal Democrat spokespeople for meetings and suggestions for engagement.

11. Other audience engagement activity includes:

- Creating a toolkit for councils to support local lobbying which will include graphics for all councils to share on their social media and websites; hashtag for use by councils, stakeholders and the public; and a short summary of the key issues which can be shared locally, including local MPs. A second toolkit will be created to engage other targeted stakeholders.
- The LGA will continue a drumbeat of messages with regular social media in run up to 31 October to highlight the impact on the public, focusing on general budget pressures and service specific impacts, such as adult social care.
- We will develop a web hub to collate activity in one place and act as a single point for more information.

Implications for Wales

12. The outcome of the Autumn fiscal event could have implications for Welsh local authorities. We will work with the Welsh Local Government Association (WLGA), the Convention of Scottish Local Authorities (COSLA) and the Northern Ireland Local Government Association (NILGA) and keep them updated on our work and plans and consider possibilities for joint work.

Financial Implications

13. The work in this report is included in the LGA's core budget.

Equalities implications

14. There are equalities issues arising from the policies and work presented in this paper. These are considered separately by individual boards as and when LGA policy is developed in these areas.

Next steps

15. The LGA will:

- Act on recommendations by the Executive Advisory Board for further work.
- Continue to lobby in the run up to the Autumn fiscal event and the 2023/24 Local Government Finance Settlement.
- Keep members up to date on LGA work and brief on relevant announcements in the fiscal plan.

Document is Restricted

