



# **Executive Advisory Board**

Agenda

Thursday, 8 December 2022  
1.30 pm

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

There will be a meeting of the Executive Advisory Board at **1.30 pm on Thursday, 8 December 2022** Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ.

### **LGA Hybrid Meetings**

All of our meetings are available to join in person at [18 Smith Square](#) or remotely via videoconference as part of our hybrid approach. We will ask you to confirm in advance if you will be joining each meeting in person or remotely so we can plan accordingly, if you wish to attend the meeting in person, please also remember to confirm whether you have any dietary/accessibility requirements. 18 Smith Square is a Covid-19 secure venue and measures are in place to keep you safe when you attend a meeting or visit the building in person.

[Please see guidance for Members and Visitors to 18 Smith Square here](#)

### **Catering and Refreshments:**

If the meeting is scheduled to take place at lunchtime, a sandwich lunch will be available.

### **Political Group meetings and pre-meetings for Lead Members:**

Please contact your political group as outlined below for further details.

### **Apologies:**

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@local.gov.uk</a>
<b>Labour:</b>	Group Office: 020 7664 3263	email: <a href="mailto:labgp@lga.gov.uk">labgp@lga.gov.uk</a>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.grouplga@local.gov.uk">independent.grouplga@local.gov.uk</a>
<b>Liberal Democrat:</b>	Group Office: 020 7664 3235	email: <a href="mailto:libdem@local.gov.uk">libdem@local.gov.uk</a>

### **Attendance:**

Your attendance, whether it be in person or virtual, will be noted by the clerk at the meeting.

### **LGA Contact:**

Amy Haldane  
07867 514938 /[amy.haldane@local.gov.uk](mailto:amy.haldane@local.gov.uk)

### **Carers' Allowance**

As part of the LGA Members' Allowances Scheme a Carer's Allowance of £9.00 per hour or £10.55 if receiving London living wage is available to cover the cost of dependants (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

## Executive Advisory Board – Membership

[Click here for accessible information on membership](#)

Councillor	Authority
<b>Conservative ( 16)</b>	
Cllr James Jamieson OBE (Chairman)	Central Bedfordshire Council
Cllr Izzi Seccombe OBE (Vice Chairman)	Warwickshire County Council
Cllr John Fuller OBE (Deputy Chairman)	South Norfolk District Council
Cllr Robert Alden (Deputy Chairman)	Birmingham City Council
Cllr Teresa O'Neill OBE (Deputy Chairman)	Bexley Council
Cllr David Fothergill (Board Chair)	Somerset County Council
Cllr David Renard (Board Chair)	Swindon Borough Council
Cllr Kevin Bentley (Board Chair)	Essex County Council
Cllr Abi Brown (Board Chair)	Stoke City Council
Cllr Marc Bayliss (Regional Representative)	West Midlands
Cllr Matthew Hicks (Regional Representative)	East of England LGA
Cllr John Hart (Regional Representative)	South West Councils
Cllr Nicolas Heslop (Regional Representative)	South East Councils
Cllr Christopher Poulter (Regional Representative)	East Midlands Councils
Cllr Sam Chapman-Allen (Non-voting Member)	District Councils Network
Cllr Tim Oliver (Non-voting Member)	County Councils Network
<b>Labour ( 14)</b>	
Cllr Shaun Davies (Senior Vice-Chair)	Telford and Wrekin Council
Cllr Tudor Evans OBE (Deputy Chair)	Plymouth City Council
Cllr Michael Payne (Deputy Chair)	Gedling Borough Council
Cllr Georgia Gould (Deputy Chair)	Camden Council
Cllr Anntoinette Bramble (Deputy Chair)	Hackney London Borough Council
Cllr Nesil Caliskan (Board Chair)	Enfield Council
Cllr Louise Gittins (Board Chair)	Cheshire West and Chester Council
Cllr Andrew Western (Board Chair)	Trafford Metropolitan Borough Council
Mayor Marvin Rees (Board	Bristol City

Chair)	
Cllr Robert Stewart (Regional Representative)	WLGA
Cllr Graeme Miller (Regional Representative)	North East of England
Cllr David Baines (Regional Representative)	North West Regional Leaders' Board
Cllr Shabir Pandor (Regional Representative)	Yorkshire and Humber Region
Sir Stephen Houghton CBE (Non-voting Member)	SIGOMA
<b>Substitutes</b>	
<b>Liberal Democrat ( 3)</b>	
Cllr Joe Harris (Vice-Chair)	Cotswold District Council
Cllr Bridget Smith (Deputy Chair)	South Cambridgeshire District Council
Cllr Gerald Vernon-Jackson CBE (Board Chair)	Portsmouth City Council
<b>Substitutes</b>	
<b>Independent ( 3)</b>	
Cllr Marianne Overton MBE (Vice-Chair)	North Kesteven District Council
Cllr Hannah Dalton (Deputy Chair)	Epsom and Ewell Borough Council
Cllr Paul Woodhead (Balancing Member)	Cannock Chase District Council
<b>Substitutes</b>	

## Agenda

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### **Executive Advisory Board**

Thursday, 8 December 2022

1.30 pm

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

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<b>Item</b>	<b>Page</b>
<b>1. Welcome, apologies and declarations of interest</b>	
<b>2. Lobbying Headlines (to follow)</b>	
<b>3. Cost of Living</b>	1 - 10
<b>4. Autumn Statement 2022</b>	11 - 16
<b>5. Minutes of the previous meeting</b>	17 - 22

**Date of Next Meeting:** Thursday, 26 January 2023, 2.15 pm, Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ



**Meeting:** Executive Advisory Board

**Date:** 8 December 2022



## The impact of cost-of-living pressures on people and communities

### Purpose of report

For information and direction

### Summary

This report sets out the LGA's approach to shaping policy and supporting councils with the impact of cost-of-living pressures on **people and communities**. It summarises the range of work that is already taking place within the Policy team, and where it links to improvement work, and seeks the views of members on appropriate leadership for a cross-cutting approach.

The report includes proposals for our work on both the immediate impacts, and on the role of councils and their partners in reducing socioeconomic inequality and insecurity, and strengthening financial resilience in the longer term.

**Is this report confidential?** No

### Recommendation/s

That the Board reviews and advises on the LGA's approach to shaping policy and supporting councils with the impact of cost-of-living pressures and socioeconomic inequality on people and communities.

That the Board gives a steer on effective leadership for a cross-cutting approach

### Contact details

Contact officer: Sally Burlington and Rose Doran

Position: Director of Policy and Senior Adviser

Email: [sally.burlington@local.gov.uk](mailto:sally.burlington@local.gov.uk) [rose.doran@local.gov.uk](mailto:rose.doran@local.gov.uk)

## The impact of cost-of-living pressures on people and communities



### Background

1. The LGA has identified three broad priority areas related to the rising cost of living:
  - The Finance team and Resources board are leading on the **impact on council budgets**. They will draw on evidence and priorities from the other boards and policy colleagues, for example Culture Tourism and Sport on leisure services.
  - The Workforce team and Resources board are leading on the impact on councils' human resources and the **local government workforce**. They will draw on evidence from other boards and policy colleagues, for example on social worker recruitment and retention
  - The Policy team is leading on **impact on people and communities** and the implications for local support and services, with relevant work taking place across all boards and links into our improvement support

### Impact on communities

2. There is a central emphasis in this area of work on welfare support and financial inclusion ('support for low-income households'), which is being led by Rose Doran, Senior Adviser through the Resources Board. However, highly relevant policy priorities are being led by other boards and colleagues across the Policy team. Colleagues have been working together to develop an integrated and cross-cutting approach, which also reflects the approach being taken by councils and their local partners.
3. We have delivered a range of briefings and support, including a [Cost of Living hub](#), a monthly bulletin and a programme of action learning and monthly webinars, which we share with a growing network of officers and councillors.
4. Policy colleagues are working with improvement colleagues including the Principal Advisers and the Behavioural Insights team, for example considering how councils can encourage people to seek out debt and financial support at the earliest opportunity, and engaging communities in energy efficiency programmes.
5. We work with a wide range of partners, stakeholders and Government departments to strengthen understanding of the role of local government and to develop a positive, consistent approach to agreeing priorities and delivering shared outcomes. For example, we have worked closely with the advice sector, think tanks, councils and the Department for Work and Pensions on strengthening local welfare support. This has contributed to securing £1bn of additional funding for the Household Support Fund in 2022/23.



6. At the Resources board meeting on 22<sup>nd</sup> September some board members expressed concerns that the board's proposed priorities for 2022/23 included taking the lead on cross-cutting work to support councils with the impact on communities. Although they have the lead for support for low-income households, they felt that the breadth of relevant policy areas meant that the LGA's key lines and priorities needed to be discussed in more detail – and potentially led – by the Executive Advisory Board.
7. We have worked with members, the policy boards and the political groups to set up a member advisory group, to make connections across the boards' priorities.
8. The recent Autumn Statement set out [a range of measures to help low-income and disadvantaged households](#). However, the Chancellor was clear about the [challenging fiscal and economic outlook](#), with councils and Government departments continuing to face considerable funding constraints. This has implications across all LGA priorities and boards, and high levels of continued socioeconomic insecurity and geo-political uncertainty mean that we may need to adjust and adapt our lines outside of the board cycles.
9. Despite the support put in place by Government, councils and partners, analysis suggests that [many households across the income spectrum remain at risk of hardship, insecurity and reduced wellbeing](#), with the [squeeze on household finances projected to last for a number of years](#). This will continue to place demand pressures on local services including housing, health and social care.
10. Services that enable households to mitigate the effects of rising costs and a challenging fiscal and economic outlook – for example employment and skills support, energy efficiency measures and debt and welfare advice – will need to be funded sustainably and targeted effectively. The sector is therefore looking to the LGA to show solidarity and leadership to councils and their residents.

## **Current and proposed approach**

### **Preventing short-term hardship and promoting long-term resilience**

11. The LGA has worked closely with Government, councils and partners throughout the implementation of a range of local crisis support, and we have welcomed the Government's commitment to preventing hardship throughout the pandemic and in the context of rising energy costs. We have highlighted that we need to continue to ensure that immediate support is adequate and effective.
12. However, it is also very clear, across a wide range of services, that we need a proactive, positive and adequately funded approach to lifting people out of poverty and preventing recurrent crises in the longer term.

### **Immediate support**

13. Councils are experiencing rising demand for support, growing health inequalities and increasing pressures on housing and homelessness support. To demonstrate leadership on reducing inequality, show solidarity with councils and communities and maintain credibility with the sector and partners it is important that we continue to take a

clear and unambiguous position on the need for the social security system to provide an effective safety net and contribute to levelling up.

14. We continue to make the case for the Local Housing Allowance rate freeze to be lifted and restored to at least the 30<sup>th</sup> percentile of market rents.
15. Councils have highlighted the costs and challenges that are presented by the household benefit cap, the removal of the spare room subsidy ('bedroom tax') and the shared accommodation rate (SAR) for under-35s. The decision to raise the benefit cap in-line with inflation in the Autumn budget will help to relieve some of that pressure. We would now like to work with Government on a wider review of welfare reforms, as set out, for example, in our response to the Rough Sleeping Strategy.
16. This should ensure that the welfare system as a whole provides the right support and incentives to people and does not lead to unintended cost-shunts or inefficiencies for local services. Now that we have a clearer view of the Government's spending commitments, we need to do more to understand local impacts, and make the case for change if there is clear evidence that further changes are needed to make efficient use of public money and improve outcomes.
17. We have a strong position on discretionary local support, including the Household Support Fund (HSF) and Discretionary Housing Payment (DHP), and have done a lot of work with the sector and DWP. We have made considerable progress on HSF. Significant concerns remain on Discretionary Housing Payment, which has moved from providing targeted, short-term support to addressing permanent shortfalls. We will also continue to press the new DWP Secretary of State to move back to full-year funding rather than the recently introduced six-month review.
18. The current pressures have raised concerns about personal and business debt, and councils' own recovery practices are coming under increased scrutiny. We are developing a debt maturity framework with councils and partners (funded through the DLUHC improvement grant) to support councils with fair and effective debt management and facilitate the sharing of local approaches. Partners we are working with include the Financial Conduct Authority, Money and Pensions Service, the newly formed Enforcement Conduct Board, the Enforcement Law Reform Group, HMT and Cabinet Office.
19. We have a long-standing and effective relationship with councils, DWP and DLUHC on the delivery of revenues and benefits services. This has been crucial to the administration of one-off financial support and to partnership working on the design and delivery of the benefits system. There has been considerable pressure placed on revenues and benefits teams, as well continued uncertainty about their long-term role in administering benefits and support. The Autumn Budget contained a further extension to the transfer of Pensioner Housing Benefit from councils to the DWP. We are therefore proposing to commission research, in partnership with the District Councils Network, on the long-term role of councils' revenues and benefits teams, including recruitment and retention, capacity and fair funding.
20. Our work on energy within the wider net zero, climate change and environment agenda is also highly relevant. Councils are leading local efforts to increase the energy efficiency of homes and the transition to renewables, for instance through the Energy

Company Obligation or Local Authority Deliver schemes, to push down energy costs permanently. Alongside this, councils are working with communities to help provide advice on how to reduce energy consumption, manage energy cost debt, and access some of the related benefits and support.

21. The Children and Young People's board continues to highlight the impacts on child poverty, increased pressures on children's services and the crucial importance of both school food (including Free School Meals) and support during school holidays. There are [well evidenced links](#) between poverty and engagement with children's social care services, and councils are preparing for an increase in children, young people and families needing support, and ensuring this is the right form of support (recognising, in particular, that 'poverty' is not the same thing as 'neglect').
22. The Community Wellbeing Board takes a cross-board approach to tackling health inequalities exacerbated by the rising cost of living and continues to call for a cross-government strategy.
23. Through a health protection lens, it is the Community Wellbeing Board's view that the rising cost of living will [have profound impacts on people's mental and physical health](#), especially if it is prolonged over the coming winter. In the immediate term we may see higher excess winter deaths: estimates suggest that some 10% of excess winter deaths are directly attributable to fuel poverty and 21.5% of excess winter deaths are attributable to the coldest 25% of homes.
24. Health inequality is an immediate and pressing priority, in particular work to recognise and tackle the health impacts of cold, damp homes and ensure access to healthy, sufficient food. The need to prioritise work on the quality and safety of housing in both the social and private sectors was brought into sharp relief by the recent tragic death of Awaab Ishak. We will continue to press the Government to progress with housing reform including the proposals for a [Fairer Private Rented Sector](#) and [work to address energy efficiency](#).
25. There is a [well-evidenced link between financial insecurity and mental health](#). In England, the 2008 economic recession was associated with increased male suicide in the general population and among people with existing mental health problems. Middle-aged men were found to be most at risk. Research during the Covid-19 pandemic found that 44% of adults with mental health problems in the UK who fell behind on bills either considered or attempted suicide.
26. Financial troubles [can cause chronic stress and reduce healthy choices](#) in other areas of life. This means the effect of increasing living costs is not limited to anxiety over what someone can afford, it can lead to decisions such as limiting socialisation or overworking. Suffering financial losses or living in poverty can worsen mental health – equally, poor mental health increases the risk of financial and economic disadvantage, for example through impacts on employment.
27. Poor housing impacts on mental health and wellbeing. People with mental health conditions are also more likely to live in rented and poor-quality housing than the general population, which can exacerbate existing issues.

28. Fuel poverty is associated with poor maternal mental health, as well as other factors, such as lack of transport to socialise and attend appointments.
29. The LGA is therefore looking to more effectively join up work across financial inclusion, public health, Adults' and Children's services and housing to strengthen our understanding and offer to the sector
30. Housing affordability remains a key priority for many households, with rising mortgage costs placing pressure even on more well-off households. Councils are reporting that the freeze to the local housing allowance (LHA) rate for private rented sector housing costs is causing growing costs and challenges for homelessness and temporary accommodation. There are also concerns that other welfare reforms, including the removal of the spare room subsidy, the household benefit cap, the two-child limit for tax credits and the shared accommodation rate (SAR) for under-35s are having unintended and detrimental impacts in the current socioeconomic context, leading to poor outcomes for households and additional cost pressures for councils and housing providers.
31. The Culture Tourism and Sport board has highlighted the immediate risks of rising costs to councils' provision of leisure and cultural services, including swimming pools and library services. These assets are vital to the health and wellbeing of our communities. Leisure centres can account for up to 40% of a council's carbon emissions and are energy intensive, which means they are financially at risk during this period. However, we know that their public health benefits are immense, reducing the healthy life expectancy gap by 3.7 years<sup>1</sup>, and saving the NHS £5.2 billion and Social Care £1.7 billion each year<sup>2</sup>.
32. Libraries are neutral spaces in almost every community where [people can receive support and signposting, access to warm spaces, wifi and computers, and tea and coffee](#). They are working with partners to ensure support is available to everyone who walks through the doors. They are enhancing access to their 'books on prescription' service to promote mental health and wellbeing, activities to prevent loneliness, as well as skills training and adult learning.
33. Cost of living pressures impact on community safety in a range of ways – from risks to cohesion if communities feel that their needs are being neglected (and extremists exploiting this), to increased risks of domestic fires from people using non-orthodox ways to their heat homes in an attempt to reduce energy costs.
34. Financial pressures can lead to or exacerbate domestic conflict, drive people to participate in the black and grey economies, increase problem debt and illegal money-lending, and may also increase both [the risk and impact of economic abuse](#).

### **Medium to long-term priorities**

35. Members, councils and partners want us to present robust, positive, longer-term proposals for the services and support that will increase financial wellbeing; lift people out of poverty and insecurity, and prevent recurrent crises.
36. We are working across the LGA and District Councils Network on the future of revenues and benefits services, which have administered much of the vital crisis support that has been provided during both the pandemic and the cost-of-living crisis against a backdrop of ongoing change and uncertainty within welfare reform and benefits administration.

This will be closely integrated with work on housing and homelessness, including affordability and supply; work on employment and skills support; debt recovery, management and support, and financial inclusion and wellbeing.

37. Our Equality Diversity and Inclusion (EDI) work for councils has an increasingly strong emphasis on the need to address socioeconomic inequality, and this commitment has been highlighted in the LGA's Business Plan. We are working with the sector to develop a range of cross-cutting case studies on councils' strategic approach to addressing the cost of living. In many cases these have been informed by local poverty / inequality commissions and are framed as equality or poverty strategies.
38. The rising cost of living is creating a new set of health challenges. When there is not enough money, some people look to addictive behaviours (drugs, alcohol and gambling) as a source of stress management, as well as a cheaper way to battle long-term trauma. Substance abuse rates rose sharply during the 2008 financial crisis, as economic uncertainty, job insecurity and general anxiety about the future took a hold. The Community Wellbeing Board will continue to monitor these wider health impacts.
39. We know that while our leisure centres continue to receive high levels of footfall from the general population, long term activity levels among certain parts of our communities remain low, and have started declining for young people. The Culture, Tourism and Sport Board is working to set out and embed a long-term vision for the design and delivery of physical activity services that provides a sustainable, core facility-based offer while also developing outreach activities with partners to engage those who will benefit most from being most active, but who do not find the current offer effective. By increasing activity levels, we will boost health and life expectancy rates in our communities, reduce pressure on local health services, and improve economic productivity through reduced absence for ill health.
40. The City Regions and People and Places Boards have highlighted the vital importance of developing strong, inclusive local economies as well as real and pressing issues around rural / social isolation, public transport, community infrastructure, food sustainability and land use.
41. Our positive narrative on devolution and levelling up makes the link between improved financial inclusion, capability and wellbeing and successful, inclusive local economies.
42. Increasing income and progression through an effective skills and employment offer is a key component in strengthening economies and reducing socioeconomic inequality. Work Local is the LGA's positive vision for an integrated and devolved employment and skills service.
43. We continue to press for more effective integration of policy across the DWP and Department for Education (DfE). Universal Credit (UC) claimants must be able to retain benefits and access the UC childcare element, which we also highlight should be paid in advance, to learn skills to move into, or progress in work
44. We are pressing for a reversal of DfE's proposals to remove adult and community learning (ACL) courses that support financial resilience, including household budgeting and healthy eating. ACL could also do more to engage residents in energy efficiency and carbon literacy, and energy saving advice to households

45. Work Local sets out recommendations for devolving support for unemployed people, wrapping-in skills and other local services they rely on and do more to engage growing numbers of economically inactive people which will help fill higher than ever employer vacancies.
46. Creating a 'high skills economy' has driven Further Education (FE) reforms and investment (Level 3 skills and above) but too many people cannot progress without a Level 2. To help the least qualified be part of this, we are highlighting investment in Level 2 and below and localising it.
47. European Social Fund (ESF) co-funds vital council and devolved employability schemes and services but ends in 2023. The Shared Prosperity Fund (UKSPF) skills priority which replaces it is for one year only (2024/2025) so council-led provision is at risk of redundancies and reduced services.
48. Investment to create jobs must go hand in hand with a local skills, careers advice and employment support offer to enable learners, unemployed people, career changers, businesses and other employers to progress. Work Local is our framework for achieving this across England, and a cost benefit analysis suggests a 15 per cent increase in the number of people improving their skills or finding work by using existing investment more effectively.
49. We have strengthened our work on food poverty and food sustainability, which became a key priority during the pandemic. We have delivered work with councils and partners on Local Food Partnerships and have integrated work on public health, school food and food affordability with work on climate change and the environment with a growing emphasis on planning, land-use, reversing environmental degradation, and ensuring access to healthy, nutritious food with a reduced environmental footprint.
50. Building on our work on Reshaping Financial Support we continue to make the case for a wider role for councils in increasing financial capability, resilience and inclusion in their places. This includes engagement with Credit Unions and Community Development Finance Institutions to improve access to appropriate financial services and affordable credit, and strengthening financial literacy through education and advice. We also continue to work with a range of partners including the Financial Conduct Authority to ensure financial products and services, including debt advice and enforcement, meet the needs of low-income households and are working to address the 'poverty premium' paid by low-income households for essential goods and services.
51. Effective, affordable public transport enables people to access employment, connects communities and strengthens economies – particularly in more rural areas. Bus Strategy
52. Initiatives like the temporary [£2 fare cap](#) are a welcome recognition of the vital importance of local bus services to socioeconomic wellbeing, but we need a long-term funding plan to ensure that public transport is reliable, accessible and affordable in the long term, as set out in the National Bus Strategy.
53. The LGA [Commission on Culture](#) and Local Government has published [case studies highlighting how culture services promote social mobility, tackle health inequalities, create inclusive economy, and deliver a sense of pride in place](#). It will make

recommendations on how councils and Government can enhance this positive offering in December.

54. We have also highlighted the importance of maintaining a thriving voluntary and community sector and supporting communities. Councils play a vital role, with their partners, in maintaining civic and community infrastructure so that people can come together to support one another and create social and cultural capital that leads to opportunity. Within what is often a very employment-based narrative it is also vital that we recognise and value older people and people who are unable to work, many of whom contribute a great deal through other local engagement and collaboration and by sharing their knowledge, support and skills.

## **Implications for Wales**

55. Welfare and financial inclusion are devolved to Welsh Government level. We engage with WLGA colleagues on related policy as needed

## **Financial Implications**

56. Work is being delivered within existing budgets

## **Equalities implications**

57. Tackling socioeconomic inequality and disadvantage is a key objective for both councils and the LGA as they address the impacts of the rising cost of living.

Many councils are developing cross-cutting anti-poverty (or similar) strategies and we are supporting engagement across the sector through the hub, webinars and case studies.

58. Socioeconomic inequality frequently intersects with other characteristics to create specific challenges or multiple disadvantage. We are therefore also considering the impact of current cost of living pressures on particular groups and communities and, for example, working with councils on the collection and use of data to identify and support their most vulnerable residents.

59. Short-term support is important, but to reduce inequality in the long term we continue to make the case for sustained investment in services that improve our communities' financial wellbeing and resilience, support achievement and attainment and facilitate engagement and collaboration

## **Next steps**

60. To continue to join-up work on cost of living across the LGA and its partners. Further developing our policy work to focus on a positive, cross-cutting long-term vision for the role of councils in strengthening financial wellbeing and resilience in their places.

61. We would welcome a steer from members on our current and future priorities, and leadership for an effective cross-cutting approach.





**Meeting: Executive Advisory Board**

**Date: 8 December 2022**



## **Autumn Statement 2022**

### **Purpose of report**

For information

### **Summary**

This report provides a summary of the key local government finance announcements in the 2022 Autumn Statement.

### **Is this report confidential?**

No

### **Recommendations**

The Executive Advisory Board is asked to note the update.

#### **Action**

Officers will proceed with the delivery of the LGA's work on local government finance, including the 2023/24 Local government Finance Settlement.

### **Contact details**

Contact officer: Sarah Pickup

Position: Deputy Chief Executive

Phone no: 0207 7944 3141

Email: [sarah.pickup@local.gov.uk](mailto:sarah.pickup@local.gov.uk)

## Autumn Statement 2022



### Introduction

1. This report provides a summary of the key finance announcements in the 2022 Autumn Statement which was [delivered](#) by the Chancellor on 17 November. The LGA published a [briefing](#) which covered the key announcements relevant to local government.
2. In the lead-up to the Autumn Statement the LGA undertook a substantial amount of campaigning including press releases, social media activity and parliamentary activity. On the day of the Autumn Statement, the LGA issued [a press release](#) reacting to a number of announcements in the Statement resulting in on-the-day broadcast coverage.

### Key Announcements

3. The Government announced the following relating to overall funding available for the public sector:
  - Departmental expenditure limit (DEL) budgets will be maintained at least in line with the budgets set out at the Spending review;
  - Additional funding to support the healthcare system, social care and schools. This includes up to £2.8 billion in 2023/24 and £4.7 billion in 2024/25 to help support adult social care and discharge in England. Some of this funding is also available to support children's social care. The £2.8 billion includes new funding and additional flexibilities to increase council tax;
  - Funding provided in the Spending Review, from April 2024 onwards, to cover the cover employer costs of the Health and Social Care Levy has been removed from DELs;
  - From April 2025, departmental resource spending will grow by 1% a year in real terms. Departmental capital spending will continue at the same level in cash terms. DEL budgets beyond 2024/25 will be set at the next Spending Review;
  - An Efficiency and Savings Review to identify efficiency savings in day-to-day budgets that can be used for Government's priorities and help manage pressures from higher inflation.

### Council Tax

4. The Government is giving local authorities in England additional flexibility in setting council tax by increasing the referendum limit for increases in Council Tax from 2 per cent to 3 per cent per from April 2023.

5. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year.
6. These additional flexibilities are in place for both 2023/24 and 2024/25.

## **Adult Social Care**

7. In the Autumn Statement it was announced that up to £2.8 billion will be made available in 2023/24 and £4.7 billion in 2024/25 to support adult social care and discharge in England. This includes funding that was to be made available for social care reform which is being delayed for 2 years but the funding will stay with the sector. The new resources are as follows:
  - £1 billion of new grant funding in 2023/24 and £1.7 billion in 2024/25. Sixty per cent of the funding in each year will go through the Better Care Fund;
  - £1.3 billion in 2023/24 and £1.9 billion in 2024/25 to councils for adult and children’s social care due to the delays to the adult social care reforms;
  - Increasing the general referendum principle from 2 to 3 per cent and the adult social care precept from 1 to 2 per cent in both 2023/24 and 2024/25 for adult social care authorities.

## **Business Rates**

8. In the Autumn Statement the Government announced that:
  - The 2023 business rate revaluation will go ahead from 1 April 2023 with a transitional relief scheme funded by the Government;
  - The business rates multipliers will be frozen in 2023/24;
  - Support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50 per cent to 75 per cent business rates relief;
  - Support for the smallest businesses losing eligibility or seeing reductions in Small Business Rates Relief or Rural Rate Relief;
  - A delay until April 2024 of the previously announced relief for business for improvements to property;
  - English Local Authorities will be fully compensated for the loss of income due to these measures and will receive new burdens funding for administrative and IT costs

## **2023/24 Finance Settlement**

9. The majority of the above announcements will have implications for the 2023/24 Local Government Finance Settlement and will impact upon allocations to individual authorities. In line with previous years, we expect the provisional settlement to be published in the second half of December. However, at the time of writing we

understand that the Government will shortly provide an update on the 2023/24 provisional settlement including information on elements of the 2024/25 settlement.

## Other announcements in the Autumn Statement

10. Following [consultation](#), which the LGA [responded](#) to, the Government has decided not to introduce an online sales tax (OST). The Government's stated that its decision reflects concerns raised about an OST's complexity and the risk of creating unintended distortion or unfair outcomes between different business models.
11. The full range of announcements in the Statement are in the briefing. However, key announcements beyond the core local government finance ones above include:
  - Additional funding of £2.3 billion for schools in both 2023/24 and 2024/25;
  - A 7 per cent social rent cap;
  - £1.7 billion for the second round of the Levelling Up Fund. Successful bids will be announced before the end of the year;
  - A mayoral devolution deal with Suffolk County Council and discussions on mayoral devolution deals with local authorities in Cornwall, Norfolk and the North East of England. 'Trailblazer' devolution deals with Greater Manchester and the West Midlands Combined Authorities by early 2023 and a commitment to agree devolution deals with all areas in England that want one by 2030;
  - A refocussing of the Investment Zone Programme;
  - A review of the Energy Bill Relief Scheme which will determine support for non-domestic energy consumers, excluding public sector organisations, beyond 31 March 2023;
  - Support for households with energy bills, and additional cost of living payments for households that are in receipt of a means-tested benefit, over state-pension age, or claiming a disability benefit;
  - The National Living Wage (NLW) will increase by 9.7% to £10.42 an hour from April 2023, for those aged 23 and over.

## LGA view

12. In response to the Autumn Statement the LGA has been clear that although the outcome of the Statement is better than feared it will be residents and who will bear the burden of any increase to council tax or the adult social care precept. In both the press release and briefing the LGA has restated its position that council tax has never been the solution to meeting the long-term pressures facing services - particularly high-demand services like adult social care, child protection and homelessness prevention. It also raises different amounts of money in different parts of the country unrelated to need and adds to the financial burden facing households. Even with the additional council tax flexibilities and new funding for social care, councils face a major

challenge when looking to set a balanced budget and many will, reluctantly, be considering cuts to services.

13. The LGA welcomed a range of individual announcements in the Statement including: the delay to planned adult social care reform (and the retention of reform funding for mainstream adult social care services); the commitment to compensate councils fully for the range of business rates measures announced; the additional funding for schools; the progress on devolution deals; and the revised social rent cap which is higher than expected.
14. The LGA also highlighted a range of concerns including: the need for a significant part of the additional schools funding to be used to support SEND services; our concerns that the Levelling-Up Fund continues to be allocated on a competitive basis; and our view that government should include public bodies in the review of the Energy Bill Relief Scheme.

## Campaigning activity

15. The LGA campaigned heavily in advance of the Autumn Statement 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 were to ensure the threats to local government remained 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.
16. Highlights include:
  - the [Save Local Services campaign](#);
  - the [LGA's submission to the Government](#)
  - Letters to the new Prime Minister and [Chancellor](#), Secretaries of State and other new ministers highlighting our key Autumn Statement asks.
  - Numerous interviews of senior LGA politicians on broadcast media programmes;
  - Extensive coverage of our lines in the national media – including broadcast;
  - Explaners on [cost pressures](#), [reserves](#), and how [council funding is spent](#);
  - Extensive engagement with parliamentarians including parliamentary questions, and briefings ahead of debates and select committees.
17. The LGA will continue to campaign and make representations on behalf of local authorities in the run up to the 2023/24 Provisional Local Government Finance Settlement.

## Implications for Wales

18. The outcome of the Autumn Statement will 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) to keep them updated on our work and plans and consider possibilities for joint work.

## **Financial Implications**

19. The work covered in this paper is included in the LGA's core budget.

## **Equalities Implications**

20. This paper outlines LGA work on a range of policies. These are considered separately by individual boards as and when LGA policy is developed in these areas.

21. The funding of councils affects councils and their residents as a whole and it is difficult to assess what the individual impacts will be on people with protected characteristics. Improving the funding position of councils should help them to be able to fund services that are provided to their residents.

## **Next steps**

22. Members are asked to note this update.

23. Officers will proceed with the delivery of the LGA's work following the 2022 Autumn Statement including preparing for the 2023/24 provisional local government finance settlement expected in December.

## Minutes of last Executive Advisory Board meeting

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### Executive Advisory Board

Thursday, 20 October 2022

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

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### Attendance

An attendance list is attached as [Appendix A](#)

Item	Decisions and actions
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<b>1</b>	<b>Welcome, Apologies and Declarations of Interest</b>
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The Chairman congratulated Cllr Teresa O'Neill who had received a nomination to sit in the House of Lords.

Apologies for absence were received from Cllr Shaun Davies, Cllr Hannah Dalton, Cllr David Baines, Cllr Nicolas Heslop, Cllr Sam Chapman - Allen and Cllr Andrew Western.

There were no declarations of interest.

<b>2</b>	<b>Lobbying Document</b>
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The Chairman invited Mark Lloyd, Chief Executive to address the Executive Advisory Board.

Mark assured Members of the Executive Advisory Board that, following the Prime Minister's resignation earlier that day, the LGA was poised to brief the yet to be declared Conservative Party leadership candidates on the key issues affecting local government.

Mark also highlighted the LGA's new business plan, the 'LGA Plan', which would serve as a governing framework going forward to ensure the LGA continued to promote, support and improve councils. This focused on four key issues; a sustainable financial future for councils, stronger economies and thriving democracy, putting people first to support individuals in communities and championing climate change and environmental issues.

Referencing the Lobbying Document, Mark highlighted ongoing work concerning the spread of Covid infections in parallel with work supporting councils' through the upcoming Covid Inquiry, assuring members that the LGA was engaging with monitoring officers to ensure councils would be well prepared for the forthcoming pressures this would involve. Mark explained that he would be writing to council Chief Executives outlining the LGA's offer of help.

Sally Burlington, Director of Policy (People), then briefed the Executive

Advisory Board on the LGA's work concerning asylum dispersal schemes highlighting issues around the use of hotel accommodation. On children's social care and special educational needs, Sally detailed discussions with government on concerns around the future of the Schools Bill, the SEND Green paper and deficits of high needs budgets.

Member raised the following issues

- Additional funding for 18 – 25 year old unaccompanied minors, especially where SEND provision is required, creating additional cost pressures
- Consider workforce, hard to recruit psychologists
- Concerns around the Homes for Ukraine scheme and relationship breakdowns
- Regret at Lord Harrington's departure and desire for the recreation of a Refugee Minister post
- Concerns about changes to polling stations and voter ID. Possibility of legal challenges and six months not sufficient time to get compliant
- Concerns around cost of living for residents – need to increase money going into communities. Targeted support needed
- Cross party concern that the 'Prevention' agenda is being abandoned e.g. sugar tax scrapped etc.
- Call for LGA to provide a pathway for councils to submit evidence to the Covid Inquiry – this should be documented by the sector before knowledge is lost.

### **Decision**

The Executive Advisory Board **agreed** to note the report.

## **3 Membership, Terms of Reference and LGA Governance Structures**

### **Decision**

The Executive Advisory Board **agreed** to note the Membership, Terms of Reference and LGA Governance Structures for the 2022/23 meeting cycle.

## **4 2022 Autumn Fiscal Event**

The Chairman invited Nicola Morton, Head of Local Government Finance, to introduce the report.

It was expected that the new Chancellor was due to announce a medium-term fiscal plan on 31 October 2022. This was expected to include a costed plan to reduce debt as a share of the economy. The Chancellor had also stated that departments would need to re-double their efforts to find efficiencies and that some areas of public spending would be cut, however the level of savings required was not specified.

The LGA Submission, cleared by Informal Group Leaders and Resources



Board members, focused on a number of key themes with a clear ask for funding to meet cost pressures facing councils in 2022/23 and to address future funding gaps. The Submission included preliminary evidence from the LGA's Cost Pressures Survey. Members were encouraged to complete and return the survey to help strengthen the case to Government.

The LGA has been, and would continue to, campaign in the run up to the fiscal event and 23/24 Local Government Finance Settlement. The campaign included high profile media activity, social media coverage and a toolkit for councils.

Members requested that in advance of an October announcement and the 2023/24 Local Government Finance Settlement, mention be made of SEND transport in the LGA campaign as this was a significant additional pressure for councils.

### **Decision**

The Executive Advisory Board **agreed** to note the LGA submission to an Autumn fiscal event.

## **5 Anticipated upcoming key issues for housing and planning**

The Chairman welcomed Cllr David Renard, Chairman of the Environment, Economy, Housing and Transport Board, to introduce the report. Cllr Renard updated the Board on the recent and upcoming policy changes in housing and planning, as well as ongoing challenges for the sector. The previous 18 months had seen several significant policy reforms which the LGA had lobbied on. Cllr Renard outlined several wins secured through this lobbying resulting in a positive change in direction by the government on planning reform in comparison to the proposals outlined in the 2020 Planning White Paper.

Cllr Renard also highlighted the LGA's Improvement work, which continued to be well received by Councils. The Social Housing Management peer challenge had been launched in June and applications had been opened for the longstanding Housing Advisers Programme. This work would continue to support the delivery of the homes and infrastructure needed across the country.

In the discussion that followed members welcomed the positive changes made to the planning reforms thanks to LGA lobbying such as the win on five year land supply requirements but emphasised the need to continue petitioning government on issues such as viability assessments. A view was expressed that the Right to Buy policy was still very damaging for local government and housing supply.

### **Decision**

The Executive Advisory Board **agreed** to note the update.

### **Action**

Officers were directed to provide comments to the Environment, Economy, Housing and Transport Board on the identified issues and the future direction of the LGA's lobbying and influencing work in this area.

## 6 Climate Change

The Chairman invited Cllr David Renard, Chairman of the Environment, Economy, Housing and Transport (EEHT) Board and Co-Chair of the Climate Change Task Group (CCTG), to introduce the report.

Cllr Renard outlined the recent activity of both the EEHT Board and CCTG since their delegation to the COP 26 Climate Change Conference in 2021. Cllr Renard highlighted meetings with Government Ministers to discuss objectives as well as work undertaken with European local government colleagues. The LGA's policy and improvement programmes on climate change mitigation and adaptation were also detailed.

Members welcomed that Climate Change work was being looked at through the lens of the cost-of-living crisis and health, wellbeing and prevention – well insulated homes are cheaper to run, more comfortable to live in and prevent illnesses. Active travel networks keep residents fit and healthy.

### Decision

The Executive Advisory Board **agreed** to note the report and update.

### **Action**

To be taken forward by officers as directed.

## 7 Minutes of the previous meeting

The Executive Advisory Board **agreed** the minutes of the previous meeting held on Thursday 21 July 2022.

### Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr James Jamieson OBE	Central Bedfordshire Council
Vice-Chairman	Cllr Joe Harris	Cotswold District Council
	Cllr Marianne Overton	North Kesteven District Council
	MBE	
Deputy-chairman	Cllr Tudor Evans OBE	Plymouth City Council
	Cllr Georgia Gould	Camden Council
	Cllr Anntoinette Bramble	Hackney London Borough Council
	Cllr Bridget Smith	South Cambridgeshire District Council
Members	Cllr John Fuller OBE	South Norfolk District Council

Cllr Teresa O'Neill OBE	Bexley Council
Cllr David Fothergill	Somerset County Council
Cllr David Renard	Swindon Borough Council
Cllr Abi Brown	Stoke City Council
Cllr Nesil Caliskan	Enfield Council
Cllr Gerald Vernon-Jackson CBE	Portsmouth City Council
Cllr Paul Woodhead	Cannock Chase District Council
Cllr Tony Saffell	
Cllr Robert Stewart	WLGA
Cllr Marc Bayliss	West Midlands
Cllr Matthew Hicks	East of England LGA
Cllr Ralph Bagge	South East Councils
Alderman Sir David Wootton	Local Partnerships
Cllr Tim Oliver	County Councils Network

## Apologies

Cllr Izzi Seccombe OBE	Warwickshire County Council
Cllr Robert Alden	Birmingham City Council
Cllr Kevin Bentley	Essex County Council
Cllr Shaun Davies	Telford and Wrekin Council
Cllr Michael Payne	Gedling Borough Council
Cllr Louise Gittins	Cheshire West and Chester Council
Cllr Andrew Western	Trafford Metropolitan Borough Council
Mayor Marvin Rees	Bristol City
Cllr John Hart	South West Councils
Cllr Graeme Miller	North East of England
Cllr Nicolas Heslop	South East Councils
Cllr Christopher Poulter	East Midlands Councils
Cllr David Baines	North West Regional Leaders' Board
Sir Stephen Houghton CBE	SIGOMA
Cllr Sam Chapman-Allen	District Councils Network

## In Attendance

## LGA Officers

