

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.