

# Autumn Budget 2024

## Key Priorities



**To achieve its missions, national government needs stable, thriving and sufficiently resourced local authorities.**

London boroughs are determined to work with the government to address the urgent challenges facing our city and country. Councils in the capital and across the UK have a pivotal role to play in contributing to a new mission-driven approach.

However, objectively well-run councils are in dire financial positions. Without sufficient funding or powers to self-remedy, it is simply a matter of time before more councils can no longer meet their obligations and call on government's time and resources to stay afloat.

In advance of the Chancellor's one-year budget announcement on 30 October, London Councils is highlighting the following priorities to stabilise local authorities' finances and position them to support the government's missions.

## PRIORITIES

Recognising there is little financial capacity at the national level, our near-term priorities and recommendations are primarily minimal or no cost to government. Our recommendations span five priority areas:

Stability	Housing	Growth	Prevention	Assurance
Financial stability is critical and underlies all other priorities.	A safe and stable home is central to the success and life chances of all residents.	London boroughs are vital to deliver sustainable, inclusive economic growth.	Positive long-term outcomes rely on upfront investments in prevention.	Cost-effective regulation to support sector-led improvement.

## STABILITY

The stabilisation of local government finances is London boroughs' top priority. Without stability, it will be near-impossible for boroughs to drive economic growth, invest in prevention or address the housing crisis facing London.

### Our asks to government:

- **Increase Core Spending Power by 7% in real terms in 2025-26—broadly in line with this year's increase—to close the £700 million funding gap London boroughs face.**
- Extend the statutory override on the Dedicated Schools Grant beyond 2026 and commit to reforms to eliminate the high needs deficits.
- Combine existing Social Care Grants into fewer grants.
- Distribute the Social Care Grant using measures of relative need for adult *and* children's social care.
- Combine other non-ringfenced grants and distribute based on relative need (e.g. population and deprivation).
- Implement three-year minimum Local Government Finance Settlements and publish them as early as possible.
- Launch a Fair Funding Review of relative needs and resources as soon as possible.

## HOUSING

London suffers the most severe homelessness pressures in the country—1 in 50 Londoners now live in temporary accommodation (TA), including 1 in 23 children, and the capital accounts for more than half of all homeless households living in TA in England. London boroughs spend more than £90 million per month on TA, up nearly 40% from last year.

### Our asks to government:

- Double the Homelessness Prevention Grant to stabilise the growing financial crisis in temporary accommodation.
- End all restrictions preventing boroughs from reinvesting 100% of Right to Buy sales receipts in new homes.

- Inject additional Affordable Homes Programme grant into London to grow the overall number of affordable homes.
- Issue a revised HRA debt settlement to unlock essential new financial capacity.
- Remove the January 2011 cap on LHA payable for TA in Housing Benefit Subsidy, and ensure LHA continues to be updated in line with market rents.
- Bring forward a new funding settlement for the social housing sector, including a form of rent catch-up in addition to the expected CPI+1% ten-year rent policy.
- Invest in a new Green and Decent Homes Programme to reduce capital investment requirements on HRAs.
- Extend Rough Sleeping Initiative funding for an additional year to avoid a cliff-edge in service provision.

## **GROWTH**

London boroughs are vital to delivering sustainable, inclusive economic growth. However, London faces growth challenges. Productivity growth has stalled and is unevenly distributed across the capital. Attracting and developing talent is key to London's success, but too many employers are experiencing skills shortages. Low-paid and insecure work are also rising, with those in employment accounting for more than half of all working-age Londoners in poverty.

### **Our asks to government:**

- Commit to a single departmental-style settlement and 100% retention of business rates growth for London.
- Commit to a more ambitious devolution deal for skills and employment for London.
- Extend UKSPF into 2025/26 at current levels and allow authorities to bring forward unspent funds into that year.
- Maintain the Autumn 2024 start date for the proposed Universal Support programme.
- Fund the Social Housing Decarbonisation Fund - Wave 3 and launch it in 2024.
- Commit a portion of funding from Great British Energy to London to boost the community and grid resilience.

## **PREVENTION**

Empowering and encouraging residents to access early help can reduce demand for more costly services in the future. By focusing on preventative and joined-up local services, better value in public spending can be secured in addition to better long-term results for Londoners.

### **Our asks to government:**

- Follow through on the previous government's announcement to issue capital for children's homes.
- Implement the Hewitt Review recommendation that at least 1% of NHS Integrated Care System budgets should go towards prevention.
- Commit to cross-party agreement on a roadmap for wholesale adult social care reform.
- Empower local authorities to open their own special schools without going through the lengthy free school route.
- Maintain the local government minimum 5% top slice from the Early Years Block of the Dedicated Schools Grant.
- Extend the move-on period to 56 days for asylum seekers. Invest in immigration advice, wraparound services and move-on support. Improve data-sharing with local authorities.

## **ASSURANCE**

The level of regulation facing local authorities has grown steadily in the last decade and is overly complex, lacks coordination and comes with a significant financial cost currently unrecognised by government. The wider assurance regime within local government is in need of broad reform, and the local audit system requires structural reforms.

### **Our asks to government:**

- Make Oflog independent from government to fill the space between sector-led improvement and government intervention, and give Oflog an oversight and coordination role across local government regulatory agencies.
- Commit to reviewing and simplifying the regulatory framework for local public services.
- Recognise the growing costs of regulation with specific identified funding in the Budget and Spending Review.
- Set out plans for more fundamental structural reform of local audit.