

Autumn Statement 2023

London Councils' Key Priorities

Overview

This submission summarises London Councils' immediate priorities for the Autumn Statement and should not be seen as a comprehensive list of our broader ambitions for London local government.

Priority 1 - Funding to address the huge pressures facing London boroughs

Financial pressures

London borough finances are on a knife edge. Resources remain almost a fifth lower than in 2010 despite there being almost 800,000 more Londoners, exacerbated by over £1bn in unfunded and underfunded new burdens over that period. Boroughs face a perfect storm of prolonged high inflation and sustained high demand for services following the pandemic. Nine in ten boroughs expect to overspend on budgets in 2023/24 by over **£400m in total**. Nearly a quarter **forecast overspends of over £20m**.

Next year, savings of **over £500m are required to balance the books as part of almost £2bn over the next four years**. Outer London boroughs – as the lowest funded per capita in the country – face particularly tough choices going forward. Without further funding there is growing risk of financial and service failures. **We're asking for:**

- **A settlement in 2024/25 at least in line with last year's 9% increase.**
- **Certainty over the unconfirmed funding streams for 2024/25 (such as New Homes Bonus and service grant) as soon as possible.**

Housing & homelessness

London is at the epicentre of the national homelessness crisis. Temporary Accommodation (TA) numbers are up 9%, people owed a homelessness duty are up 15% and monthly spending is up 16% in the past year. Boroughs forecast a £90m overspend on TA this year. Pressures on boroughs' Housing Revenue Accounts are becoming unsustainable due to constraints on rental income combined with mounting demand to tackle damp and mould, fire safety and retrofit. **The Government should take urgent action to prevent this crisis from worsening by:**

- **Up-rating Local Housing Allowance rates to cover at least the bottom 30% of rents – which would save up to £100m across public services.**
- **Increasing Homelessness Prevention Grant funding to support TA pressures.**
- **Providing grant funding to acquire private rented sector stock released by landlords.**
- **Increasing investment in new build affordable housing – bringing London's Affordable Homes Programme target back up to at least 35,000 homes.**
- **Strengthening the recent Right to Buy reforms to better improve viability on individual schemes which will unlock thousands of new homes.**

Adult social care

London boroughs are doing all they can to support the Government's objective of reducing delayed discharges from hospitals. However, latent demand following the pandemic, market pressure on prices due to inflation and the fair cost of care reforms means nearly all boroughs expect to overspend by a total of £140m. Strategic long-term funding is required to support the Government's priorities of permanently reducing NHS waiting times and delayed discharges. **We're asking for:**

- **Support for boroughs and Integrated Care Boards with winter pressures funding.**
- **The funding previously earmarked for Adult Social Care funding reform, repurposed for social care pressures in 2023/24, to continue beyond 2024/25.**

Children's services

The rising cost of placements in London and growing numbers with multiple complex needs is driving a forecast £90m overspend this year. Urgent reforms are required to shift provision away from crisis management towards early intervention. London's accumulated Dedicated Schools Grant (DSG) deficits total almost £300m driven by the huge rise

in support for children with SEND since 2015. A long-term solution is urgently needed to prevent financial failure. **We're asking for:**

- **Sufficient funding of new burdens arising from the care system reforms.**
- **An urgent long-term solution to the issues of growing DSG funding deficits.**

Supporting asylum seekers and refugees

London boroughs face disproportionate cumulative pressures in supporting asylum seekers and refugees, limiting London's ability to help some of its most vulnerable residents. London boroughs have delivered a cross-party pan London asylum dispersal model. **We're asking for:**

- **A fairer dispersal scheme across the whole country.**
- **An expansion of the Local Authority Housing Fund to help local authorities acquire more housing for refugees and the wider homeless population.**

Priority 2 - Supporting economic growth

Infrastructure delivery

Infrastructure investment is vital to increasing housing supply and delivering economic growth. In May, London boroughs published the first **Pan-London Infrastructure Framework**, identifying schemes with strategic value for the capital. **We're asking for:**

- **Longer-term pooled funding in place of short-term competitive funding pots.**
- **Greater flexibilities over land value capture mechanisms such as Tax Increment Financing.**

Skills devolution and investment

Employment and skills devolution would improve outcomes for Londoners and address challenges across the employment and skills system. Three quarters of London firms have open vacancies and of those 65% are struggling to fill them. Apprenticeships could be an important tool in addressing some of these skills shortages. **We're asking for:**

- **A fully devolved single skills fund with multi-year funding certainty to allow for longer-term planning and support for Londoners.**
- **Ringfencing of unspent Apprenticeship Levy funds to increase the number of apprentices and, ultimately, full devolution of the Levy to London.**

Delivering net zero

London's boroughs are committed to rapid climate action to tackle the climate emergency, from tackling air pollution to addressing flooding and energy insecurity. Boroughs are investing £2m in the next phase of London Councils' Climate Programme to accelerate collaborative work in areas such as retrofitting homes, generating renewable power, decarbonising transport and supporting the growth of the green economy. A stronger partnership with Government would enable us to go further and faster. **We're asking for:**

- **Simplification of net zero funding for all local authorities.**
- **Regionally devolved funding for retrofitting/ low carbon delivery.**
- **Government support for 3Ci to leverage private sector investment, through development of the Net Zero Neighbourhoods model, the National Net Zero Project Pipeline and a technical assistance facility.**

Priority 3 – Funding reform

The local government funding system is broken and must be reformed as soon as possible. Council tax and business rates are no longer fit for purpose. Core funding formulae are a decade old and no longer reflect need. The IFS recently found a 17% gap between need and local government funding across London: the largest in the country. Strategic planning is constrained by ringfenced grants, bidding pots with strings attached and annual funding settlements. This all happens in a highly centralised fiscal system by international standards. **Most immediately, we're asking for:**

- **Multi-year (3-4 year) funding settlements.**
- **Un-ringfenced grants as the default.**
- **Parity with devolution trailblazers in developing a single departmental-style settlement for and 100% business rates retention for London.**
- **Devolution of Vehicle Excise Duty, the Apprenticeship Levy and a tourism levy in the capital.**