

Spending Round 2019 - Representation by London Councils – Key Points

This document sets out London Councils' funding priorities for London local government ahead of Spending Round 2019. We recognise this will only cover one year and is taking place during a period of significant political and economic uncertainty. We look forward to engaging with MHCLG and HM Treasury on our broader ambitions for next year's full Spending Review and have provided a longer accompanying submission to those departments as a means of continuing that discussion.

Local government funding

London boroughs need to make savings of £400 million this year to balance the books as part of £1.5 billion funding gap that must be closed over the next three years.

- **London Councils is calling for an above inflation increase in local government funding next year, following a 63% cut to core funding over the last decade.**

The Spending Round comes at a time of considerable uncertainty for local government, with the as yet unknown implications of the Fair Funding Review, further Business Rates Retention, and broader economic uncertainty making financial planning extremely difficult.

- **We ask that the Government provides certainty for councils over funding for next year as soon as possible. This includes confirming:**
 - **when the Fair Funding Review and 75% business rates retention will be implemented;**
 - **all specific grant funding for 2020-21; and**
 - **Council Tax principles for 2020-21.**
- **If full 75% business rates retention is postponed, we ask that the Government commits to discussing with London Government - as soon as possible – options for continuing the London business rates pilot pool next year.**

Service pressures

London boroughs are facing the most acute pressures in children's social care, including Unaccompanied Asylum Seeking Children (UASC); the High Needs block of the Dedicated Schools Grant; adult social care; homelessness; and in supporting people with No Recourse to Public Funds (NRPF). We ask that any additional resources for local government in SR19 are urgently directed to these service areas.

In children's social care we are calling for:

- **Additional investment to address the children's social care funding gap (which is over £200 million in 2019-20).**
- **An increase in Home Office rates for UASC and former UASC Care Leavers (where the funding gap was £32 million in 2018-19) to ensure full cost recovery to London boroughs.**

To support children with SEND we are calling for:

- **An urgent increase in the High Needs block funding (where London boroughs had a £111 million accumulated deficit in 2018-19) that reflects the increase in children with Education Health and Care Plans**
- **Greater flexibility to transfer funding between the blocks of the DSG.**

In adult social care we are calling for:

- **At least an inflationary increase in the additional funding currently available for adult social care. In London, this included the iBCF (£299 million), winter pressures funding (£37 million), social care support grant (£63 million), and ASC precept (£240 million) in 2019-20.**

To address London's Homelessness crisis (where 55,000 households live in temporary accommodation) we are calling for:

- **An increase in funding to meet the annual shortfall of at least £200 million.**
- **Funding that meets the true costs of the Homelessness Reduction Act 2017.**
- **Complete flexibility over how long RtB receipts can be retained and used to deliver homes to support housing growth.**
- **Commitment to long term certainty over social rents by fixing the annual increase to CPI + 1 per cent over 30 years to support housing growth.**

To support some of London's most vulnerable people who have No Recourse to Public Funds, we are calling for:

- **Funding to help boroughs carry out their statutory NRPF duties, which cost boroughs £50 million per annum with no central government support.**

Investing in growth

London delivers a net fiscal surplus of £34 billion, so when London grows - the wider economy grows. SR19 provides the opportunity to invest in key public services businesses rely on that support economic growth – education, skills, infrastructure and transport – is vital to ensure London and the wider economy can continue to grow sustainably.

- **London Councils is calling on the Government to:**
 - **Increase funding for schools by at least £566 million nationally to ensure that no school loses funding in real terms next year.**
 - **Provide additional funding to address London's annual road maintenance funding gap of £114 million in the Spending Round.**
 - **Urgently clarify the future funding arrangements for the UK Shared Prosperity Fund (UKSPF) in the Spending Round.**