

Funding London's recovery

To safeguard the future of London local services, the government's upcoming Spending Review must address the unsustainable funding shortfall brought about by Covid-19.

London boroughs have been at the forefront of the capital's response to the pandemic.

- More than **5,000 rough sleepers** brought off London's streets and kept safe in emergency accommodation.
- Local shielding hubs provided direct support to **60,000 shielded Londoners**, with a further **120,000 deliveries of food** to those requesting help.
- More than **48 million items of PPE** secured for social care and other frontline services through boroughs' joint procurement.
- Boroughs have distributed **£1.6 billion to London businesses** through more than 108,000 emergency support grants.

However, the pandemic has put boroughs' immediate and long-term financial survival in doubt.

- The overall impact of the pandemic on London boroughs' finances – as seen through falling income and rising expenditure – is expected to be **£2.6 billion in 2020/21**.
- Boroughs have needed to spend extra on **crucial frontline services**, especially adult social care, public health, homelessness and rough sleeping, and children's services.
- The second wave of the virus will make these financial pressures even more acute.

The government has provided much-needed emergency funding – but not enough to cover the shortfall.

- Even with the government support announced so far, London boroughs still face a potential funding gap of **more than £1.1 billion** this year.

The Covid-19 crisis follows many years of reduced funding for London local government.

- The overall resources available to London boroughs have fallen by over a **quarter since 2010/11**.
- At the same time, London's population has **grown by 12 per cent over the past decade** – almost twice the growth rate across the rest of England.
- London boroughs now serve nearly a **million more people** than in 2010.



More than ever, London needs stable, long-term investment in its local services. This is essential for the capital's social and economic recovery.

- The Spending Review is an opportunity to address fast-growing demand pressures in key services.
- Additional funding is especially needed in London's **adult and children's social care services** (an extra £430 million required to meet demand), **public health** (£130 million), **homelessness** (£200 million), **high-needs education** (£300 million), and **support for people with no recourse to public funds** (£50 million).

London has a crucial role to play in the government's ambitions for the country.

- London's economic recovery will support the national economic recovery. Before the crisis, London delivered an **annual fiscal surplus of £39 billion**.
- But London is also pivotal to the success of national government targets on reducing homelessness and addressing inequality. The capital accounts for **two-thirds of homelessness in England and 28 per cent of London's population live in relative poverty** compared to 22 per cent across the UK as a whole.

With more powers and resources devolved to a local level, boroughs will be even better placed to sustain services, innovate, and build back better. For example, boroughs are calling on the government to:

- Allocate the promised **UK Shared Prosperity Fund** and allow devolved areas to determine how best to spend it.
- Introduce a **targeted borrowing rate for councils** to fund their work retrofitting buildings, making them more energy efficient and environmentally sustainable.
- End all restrictions on right to buy sales receipts, so that every penny raised from London council house sales can be reinvested in local housebuilding and **addressing the housing crisis**.
- Devolving the apprenticeship levy, enabling greater flexibility in meeting London's **skills needs**.
- Give London its fair share of funding for road maintenance and pothole repairs by **devolving vehicle excise duty revenue to London**.

Greater devolution would free up central government capacity while empowering councils to accelerate job creation, reduce inequality, help tackle the climate emergency, and support other goals crucial to London's future. Now is the time for change.

For more information about London boroughs' finance pressures and priorities for the Spending Review, visit www.londoncouncils.gov.uk/csr