

September Budget 2022

London Councils' Key Priorities

Overview

London Councils welcomes the Government's commitment to take urgent action to tackle the cost-of-living crisis and to ensure more investment and promote growth in every town and city across the country. It is vital that the forthcoming emergency Budget supports London's residents and businesses through the challenging period ahead.

London boroughs will work in partnership with the new Government, the GLA, business and voluntary sector partners to support residents, promote London's contribution to the wider economy and continue the delivery of vital services to millions of Londoners during this challenging period. We urge the Government to ensure London boroughs are equipped with the funding and powers to be able to do so.

Priority 1 – Financial support for London's boroughs

The pandemic cost London boroughs over £3bn over the last two years. Despite government funding support, rising demand for services has not subsided. We are particularly concerned about rising demand pressures on SEND budgets, children's social care, homelessness and adult social care, where delayed transfers of care are creating huge pressures on the NHS going into the winter. Outer London boroughs, as some of the lowest funded in the country, have particularly few levers to alleviate these growing pressures.

Soaring inflation and the expected pay award now mean London boroughs need to make over £400m of savings this year and expect that to increase to £700m next year, without further support. Rising energy and fuel prices are also impacting supply chains and the cost of delivering services like SEN transport. The Government provided much needed funding to ensure boroughs were able to cope during the worst of the pandemic. The same approach is now required to deal with the inflation crisis facing councils.

We're asking the Government to:

- **Provide immediate emergency funding for adult social care** to support the NHS through the winter.
- **Confirm details of a 2-year local government finance settlement as soon as possible** to provide funding certainty.
- **Increase local government funding in line with inflation next year** for all funding streams, other than council tax, to cover the costs of the expected pay award and protect vital local services from significant cuts.
- **Provide compensation for any capping of social rents** which could cost London boroughs up to £1.7bn over the next five years, impacting housing delivery, repairs and maintenance, building safety and retrofit programmes.
- **Pause the planned reforms to the Homelessness Prevention Grant** at a time when homelessness is set to rise.
- **Double the £350 thank you payment to Homes for Ukraine Sponsors and clarify funding for years 2 and 3 of the scheme** so boroughs can best plan how to use the funding and support Ukrainian arrivals.
- **Protect council services from growing Dedicated Schools Grant deficits immediately** by extending the statutory override ringfence on the DSG beyond this year, while recognising that a longer-term solution to this issue is required.
- **Lower PLWB borrowing rates** to bolster councils' capital programmes to continue investing in vital schools, housing and transport infrastructure, as well as leveraging private investment for infrastructure schemes.

Priority 2 - Supporting residents through the cost-of-living crisis

The cost-of-living crisis is hitting Londoners acutely, with higher inflation for local goods and services and rents for new rentals growing faster than anywhere else in the UK. Many households who have traditionally not sought state support may need help over the autumn and winter. Boroughs are doing all they can to support residents, but more funding and flexibilities are needed.

We're asking the Government to:

- **Double the Household Support Fund (HSF)** from £500m to £1bn between October and March to enable councils to support individuals not eligible for the existing Cost of Living payment or Energy Bill Support Scheme.
- **Simplify the HSF guidance** to allow councils to prioritise tackling the drivers of financial hardship.
- **Increase Local Housing Allowance** rates to cover the bottom 30% of local market rents, as fewer than one in ten properties now listed for private rent in London are affordable.
- **Provide an emergency increase to Discretionary Housing Payments** to reflect the rising levels of homelessness predicted over the autumn as energy bills rise.
- **Work with energy and utility companies as well as government departments to improve data sharing** to help identify residents who most need support.

Priority 3 – Supporting London's businesses with rising costs

London's businesses still haven't recovered from the pandemic, and now the increasing cost of doing business, driven by rising energy costs and inflation, is putting many at risk. The Government should consider similar packages to those delivered during the pandemic to support businesses through the current crisis.

We're asking the Government to:

- **Cap energy prices for small and medium sized businesses beyond 6 months**, should more support be required.
- **Provide targeted business rates relief** for sectors most impacted, while ensuring councils are compensated for any lost income.
- **Reform the apprenticeship levy** to make it easier and less costly for employers to recruit and retain talent.
- **Allow local authorities to retain unallocated Covid Additional Relief Funds** to provide targeted, discretionary support to businesses most struggling with inflationary costs in their areas.

Priority 4 – Delivering Net Zero

Maintaining the UK's commitment to achieving net zero and climate resilience is more vital now than ever, to reduce energy bills long term, improve energy security, and drive economic growth through green businesses and jobs.

We're asking the Government to:

- **Provide £60m for the next phase of the work of 3CI's Cities Commission for Climate Investment** – which ultimately aims to unlock over £200bn of private investment required to deliver net zero across the UK's 12 biggest cities.
- **Drive domestic retrofit** by increasing average investment per property across all programmes, regardless of tenure.
- **Allow councils to join up the National Skills Fund, National Retraining Scheme and Apprenticeship Levy at the local level** to accelerate low carbon skills development.

Priority 5 – Devolution

The pandemic response – including the vaccine rollout and rough sleeping support – showed what London boroughs could do, given the powers and funding to support communities.

London's devolution settlement is over 20 years old. Government's commitment to deepen devolution should apply equally to London, to enable London boroughs and the Mayor to tackle the 21st century problems facing the capital. Devolving decision-making and spending powers closer to communities is the only way to deal with the huge challenges London is facing. Given the current financial and service pressures, innovative approaches to funding should be encouraged not inhibited.

We're asking the Government to:

- **Work with London Councils to unlock the potential benefits of deepening devolution in London.**
- **Broaden the balance of revenue raising powers available to councils in the longer term** to improve financial resilience and reduce reliance on any one funding stream.

London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion.

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