London’s 32 boroughs, together with the City of London, provide their residents with the majority of services – including schools, social care, public health, highways, environmental health and housing, as well as amenities like libraries and leisure centres - that Londoners rely on every day. Each London borough has a population of between 150,000 and 300,000, equivalent to a typical English city.

**Public Service Reform**

In 2014/15 London boroughs’ spending on day-to-day services was £14.3 billion (65 per cent) of total expenditure, while capital expenditure on infrastructure such as housing and education made up £4.8 billion (22 per cent). HRA expenditure is equal to £2.9 billion (13 per cent) of total expenditure.

While widely acknowledged as having led the way in terms of facing up to the challenges of public finance austerity – managing the largest reduction in funding while integrating services to communities – local government faces a period of prolonged public finance austerity.

By 2019/20, London boroughs could be facing a reduction in core funding of close to 70 per cent in real terms compared with 2010/11. At the same time London boroughs face increasing demands on their services. With the capital’s population set to exceed 9 million by the end of the decade, boroughs face a combined funding pressure of more than £3.4 billion by 2020.

London’s boroughs recognise the scale of the challenges that lie ahead. Tackling these will require a reform of public services that focuses on integrated, preventative services that can avoid the high costs of failure. Working with their member authorities, London Councils has developed a range of policy solutions to address the significant challenges of the coming years.

**Housing**

London is far short of the minimum number of new homes we need to build each year to keep pace with our growing population. The shortage is leading to very high housing costs, and risks damaging London’s quality as a place to live and work.

In the face of these challenges, boroughs are working innovatively to use their existing capacity and creative partnerships to increase new supply. To support this, London government needs the power to ensure that different types of infrastructure – such as transport links and housing – complement each other in creating value. Government should also work with boroughs to create stronger levers to get undeveloped land into use more quickly.

To improve the supply of housing, a more comprehensive set of devolved powers would allow boroughs to make the most of their assets and create greater capacity for development, for example:

- The ability to charge developers for provision of better resourced and more effective planning services to optimise speed and quality of planning processes and decision-making.
- Freedom from limits (other than the Prudential Code) on borrowing against HRA assets by London boroughs.
- The freedom to establish an exchange system for trading borrowing headroom between boroughs - aligning investment requirements with resource could create a real opportunity to build new homes at a greater scale.

**Schools**

London has faced sustained demand for school places for nearly a decade, with rising populations, spiralling building costs and a lack of available land placing increased pressure on London boroughs.

Our modelling estimates a need for 133,000 more primary and secondary school places by 2018. Central government underfunding means that between 2010 and 2016 London boroughs will have had to fund 48 per cent of new school places from their own resources. In light of the future financial outlook facing London local government this is not sustainable.

London needs a settlement that takes proper account of its unique challenges: funding should be based on the real unit costs of provision; investment to build new secondary schools should be front loaded before pressures becomes critical; and, new free schools should be prioritised for those areas facing particularly strong demand for places.

**Adult Care and Health**

The long term challenges faced by health and social care services, including demographic pressures and technological advances, cannot be met through simple refinements to the current system. Given the vital role of social care and public health in providing the integrated responses needed to tackle these challenges, London local government will be critical to shaping sustainable, locally embedded solutions for health.

Central government should strengthen London boroughs’ role in developing a sustainable approach to the health economy in London, by devolving to them the power to:

- Jointly agree health and care integration plans with the health sector as it impacts on their areas.
- Jointly agree plans for the local primary care estate, funded from underspend in the DoH capital programme.
- Jointly commission primary care services in their areas with the health sector via local Health and Wellbeing Boards.

**Employment and Complex Dependency**

London government should receive devolved national funding for employment support. This would result in better integration of mainstream employment services with other local support services and improve employment outcomes for all unemployed residents but especially for the very long term unemployed and jobseekers with complex needs.

National programmes have not been able to deliver the specialist employment support needed for those who have been left out of the labour market as a result of health conditions and disabilities (ESA Claimants) or having been in the criminal justice system, particularly those in rehabilitation and probation. Greater local control over these service areas will improve performance for these people.

The introduction of Universal Credit is an opportunity for more systematic co-location of JCP and borough staff to increase efficiency, as well as integration of JCP staff and management with London local government in order to operate more closely with other welfare services.

The Troubled Families model for addressing complex needs, drawing on the pooling of departmental budgets to allow locally developed, personalised, ‘wrap around’ interventions, should be extended to other relevant groups of individuals with complex needs.

**Infrastructure**

London’s growing population will continue to place pressure on the capital’s physical and social infrastructure, with the GLA estimating that total infrastructure costs are likely to double from an annual average of £16 billion in 2011-15 to £38 billion in 2016-50. In order to address these challenges the London Finance Commission recommended giving London’s leaders the power to determine infrastructure investment by: devolving property taxes such as stamp duty, council tax and business rates; providing greater freedom for London government to borrow prudentially; and, allowing local councils more flexibility in setting fees and charges.

For more information about your borough: www.londoncouncils.gov.uk
LONDON’S ECONOMY CONTRIBUTES 22% OF THE UK GDP

Total public spending
Central gov department spending
London Boroughs’ core funding

SPENDING FORECAST CENTRAL v LOCAL

% LIVING IN RELATIVE LOW INCOME

England 21%  
Wales 23%  
Scotland 18%  
Northern Ireland 20%  
London 28%  

2.2m Londoners live in relative low income after housing costs, the highest proportion of any region in the UK.
Community Safety & Justice

By enhancing strategic leadership of the criminal justice system in London, the Mayor and boroughs can deliver significant savings and reduce offending. London should be free to co-ordinate, commission and co-design across probation, community rehabilitation, youth offending and other areas of the justice system.

An integrated approach would ensure that local services can be aligned to provide the greatest impact and reduce high-harm offending. This is also an area with the potential to drive significant improvements in IT, joint working and communications. London’s established governance model, including the London Crime Reduction Board, could be the basis of enhanced arrangements that focus on improving the running of the overall Criminal Justice System in London.

Devolving crime prevention resources, including including health and employment programmes, into a local combined pot would allow closer local integration of services and be more effective in preventing crime and reducing offending.

Skills

The Mayor and boroughs will build on recent announcements by government to secure further influence over the skills system in London to ensure Londoners have the skills they need to succeed in the jobs market, and that businesses have the skilled workers they need to grow. This influence would include the ability to focus funding on priority areas, flex market prices to stimulate undersupplied provision, and adjust incentives to reward providers for learners achieving a wider range of outcomes, rather than just qualifications. Decisions would be informed by local knowledge, with London boroughs co-ordinating data from local businesses using cross-borough partnerships.

A similar model of local influence and pan-London decision making would underpin a London careers service and apprentice service.

Working in Partnership

London boroughs have a strong track record of collaborating with each other and partners in the voluntary, private and public sectors. These partnerships enable London local government to maximise value for money through joint procurement and create cross boundary solutions able to deliver innovation at scale.

In 2007, six West London councils (Barnet, Brent, Ealing, Harrow, Hillingdon and Hounslow) established the West London Alliance (WLA). Building on their success in developing a strategic approach to adult social care placements, children’s services, asset and property management and housing, the WLA is currently piloting a project to help residents with mental health challenges back into work through co-commissioning local employment interventions with Jobcentre Plus.

In 2009, six East London boroughs, Tower Hamlets, Newham, Redbridge, Waltham Forest, Havering and Barking & Dagenham, set up East London Solutions. The group has already achieved estimated savings of £20 million.

In 2010, three West London boroughs (Kensington & Chelsea, Hammersmith & Fulham and Westminster) established the Tri-borough project. The councils are on track to save £43 million a year by 2015.

In 2015, Wandsworth and Richmond councils announced their intention to create a shared staffing structure that will deliver substantial savings to preserve frontline services. It is expected to save up to £10 million per year for each council through savings to senior management, shared procurement and reducing duplication in back office functions.

The London Offer also builds on the foundation of the London Growth Deal, an agreement between London (the Mayor and the boroughs) and national government that broke new ground in launching collaborative approaches to tackling London’s long term challenges in skills, employment and housing.

KEY CHALLENGES

HOUSING

Challenge: For the past 30 years London’s housing supply has failed to match household growth in the capital and between 2011 and 2021, 526,000 new homes will need to be built in London, just to keep pace with London’s booming population.

Solution: Working within existing constraints, councils such as Lewisham have developed innovative solutions to fund the building of hundreds of new homes. Freeing local authorities from unnecessary constraints on using existing assets and receipts would unlock the potential to build more of the homes Londoners need.

EMPLOYMENT

Challenge: 450,000 Londoners who would like employment are out of work, yet nationally designed employment support programmes are underperforming in the capital for Londoners with complex needs.

Solution: Building on recent announcements by government, devolution of skills responsibility to align provision with the needs of the capital’s businesses, demonstrated by the successful approach of the Opportunity Sutton Programme.

HEALTH

Challenge: The NHS faces ongoing pressure and this winter a number of NHS hospitals were forced to declare a ‘major incident’ as they struggled to cope with lack of bedspace.

Solution: Initiatives in Greenwich, Richmond and Newham, which enable social workers and NHS professionals to work alongside each other, have resulted in a consistent reduction in the numbers of people unable to leave hospital because their social care support is not in place.

SKILLS

Challenge: Government spends £550 million on adult skills provision in London - yet London’s employment rate remains lower than other regions and employers attribute 24 per cent of vacancies in the capital to skills shortages.

Solution: Building on recent announcements by government, devolution of skills responsibility to align provision with the needs of the capital’s businesses, demonstrated by the successful approach of the Opportunity Sutton Programme.

For more information about your borough: www.londoncouncils.gov.uk
KEY FACTS

London needs to build more than 526,000 new homes, just to keep pace with population growth.

London has the highest rate of pupil growth of any region.

London’s population is growing by more than 100,000 a year and is set to exceed 9 million by 2020.

More than 450,000 Londoners who are long-term unemployed or economically inactive.

£188 million spent by boroughs on sexual health in 2013/14 (34% of their total public health budgets).

London has both the highest proportion and the highest number of people living in low income households (after housing costs) of any region in the UK.

For more information about your borough: www.londoncouncils.gov.uk