

Spring Budget 2023

London Councils' Key Priorities

Overview

London Councils welcomes the opportunity to make a representation to Government ahead of the Spring Budget 2023. This submission sets out our immediate priorities for this fiscal event and shouldn't be seen as an exhaustive list of our broader ambitions for London local government.

We want to work with the Government to achieve its five key priorities in the next year. Three of these relate to improving the UK economy, which cannot happen without London's contribution.

But London boroughs continue to face a tough and uncertain financial outlook. Despite the increase in funding recently confirmed for 2023/24, heightened demand for council services following the pandemic and the current cost of living crisis mean boroughs will still need to make savings of £100m next year to balance budgets. The most immediate and acute pressures are in homelessness and in the health and care system.

Priority 1: Housing and Homelessness

London's longstanding housing crisis is coming to a crunch point – exacerbated by the soaring cost of living and lack of affordable housing. This has profound implications for all Londoners but especially the poorest in our city.

Private sector rents increased by 17% in the year to August 2022. Inflation and higher borrowing costs are adversely affecting affordable housing delivery plans. Shelter recently reported 1 in 58 Londoners are homeless, with further rises expected over 2023. Housing availability is compounded in London by the higher number of asylum seekers being held in hotels needing to be housed, with boroughs overwhelmingly bearing the considerable cost of supporting refugees. Damp and mould are disproportionately a problem in London due to greater levels of overcrowding, older housing stock and higher-density development. Urgent action is required to prevent the crisis from worsening.

The following targeted measures could enable boroughs to keep building affordable homes, improve housing stock and prevent more people from becoming homeless.

We're asking the government to:

- **Increase Local Housing Allowance rates**, which have been frozen since 2020, to help homeless households and those most at risk to secure affordable accommodation.
- **Increase Discretionary Housing Payment allocations** so boroughs can provide more hardship support for residents impacted by the cost-of-living crisis.
- Provide **additional investment for the refurbishment of existing housing stock** to treat damp and mould, address fire and building safety and improve energy efficiency.
- **Remove all restrictions on how councils can use Right to Buy receipts** to sustain affordable housing delivery without placing additional demands on the public purse.

Priority 2: Health and Care

We want to work with Government to achieve its objectives to reduce the backlog in delayed discharges. London boroughs are doing all they can to achieve this. However, social care is about more than just delayed discharges. London boroughs face significant challenges, including unprecedented demand resulting from the pandemic, disproportionate numbers of the working age population requiring adult care, spiralling costs due to high inflation, and significant staff shortages.

The recent investment at the Autumn Statement was welcome but is only a short-term fix. Sustained long-term funding is required to support the government's priorities of permanently reducing NHS waiting times and delayed discharges. Long-term funding for public health is also the only way to achieve a preventative rather

than interventional approach to health and social care.

We're asking the government to:

- **Increase remuneration rates for social care staff** to address the significant staffing shortages by matching the NHS Agenda for Change pay scale, which is a key competitor for nursing and care staff.
- **Simplify the funding arrangements for Integrated Care Systems** to provide local authorities with certainty in dealing with pooled budgets and to aid with strategic long-term planning for health and care services.
- **Ensure all new and repurposed ASC funding for 2023-24 and 2024-25 remains in the baseline** going forward to deal with service demand pressures.
- **Commit to publishing medium term (at least 3 year) Public Health Grant allocations in future and confirm them sooner alongside the provisional local finance settlement.**

Priority 3: Supporting businesses

London's businesses are struggling in the face of increasing labour and energy costs and sustained high inflation. The following measures would help London's economy to continue to recover from the pandemic and level the playing field for UK businesses against their European competitors. London's continued economic success is crucial to deliver the Government's immediate economic objectives, but also to improve the public finances and enable investment in levelling up.

We're asking the Government to:

- **Keep the Energy Bill Relief Scheme (EBRS)** under review and materially improve the discount for businesses to prevent business failures and lessen inflation.
- Reform the **apprenticeship levy** to make it easier and cheaper for employers to recruit and retain talent.
- **Reintroduce the VAT Retail Export Scheme** to make London and other UK destinations more competitive for overseas shoppers.

Priority 4: Helping London deliver Net Zero

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

We're asking the Government to:

- **Increase the overall amount of funding to deliver home retrofitting**, including the full delivery of the £3.8 billion Social Housing Decarbonisation Fund, and provide a long-term funding source to support decarbonisation of our buildings.
- **Publish an action plan for Net Zero skills** in line with the Skidmore review that includes a comprehensive roadmap for addressing the skills needs specific to achieving net zero, underpinned by long-term funding.
- **Provide £22 million of investment** to enable at least ten local authorities to become demonstrators of a place-based, multi-intervention approach to achieving net zero neighbourhoods.

Priority 5: Greater devolution to local government

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 single funding stream.

London Councils is the collective of local government in London, the 32 borough councils and the City of London.