

# Briefing note: Local government funding

October 2024

ADEPT, ADCS, ADASS and ADPH represent the key delivery functions of upper tier local government and are critical for delivering the outcomes that will reduce inequalities, improve health and increase prosperity across local communities. As a collective, we support the government's missions but if our members are to support delivery of these, there is an urgent need for:

- A fundamental review of local government funding.
- Introduction of multi-year funding settlements.
- Removal of siloed and short-term funding streams.
- Clarity on the future of a wide range of fixed term funding pots.

## Introduction

The four associations representing strategic leaders across adult social services, children's services, public health and place services (along with the Local Government Association and Association of County Chief Executives) regularly meet to discuss issues of mutual interest. That includes local government funding. This briefing note sets out our offer and ask of the new government. Our associations are ready and able to work with the government to deliver on shared objectives.

## The offer

We share the conviction that local and combined authorities are best placed to lead, manage and shape their places to deliver socio-economic, health and environmental outcomes. Social care for children and adults, schools and other educational settings, a good job, decent housing, childcare, libraries, green spaces and a high-quality environment along with good transport options all define 'place' for the people who live, study and work there.

Local and combined authorities are passionate about making their places the best they can be for residents while supporting social cohesion across and between the communities they serve. Leaders of place are ready and willing to help drive government's missions around growth, clean energy to accelerate net zero, safe and healthy communities, a fit for purpose health system and breaking down the barriers to opportunity for our young people.

There is strong evidence that investing in, and empowering, local government will deliver a strong return for the government, particularly addressing inequalities, driving economic growth, delivering better life opportunities and healthier populations.

## The ask

Over the last 14 years, the hollowing out of local government and local services has had a major impact on communities, and on those who need the most help. For many, this has significantly impacted their quality of life, economic and social opportunity and ultimately, life expectancy,

exacerbating economic and health disparities across the country. Local and combined authorities are leaders of place and know their communities best but need the resources to more effectively lead and shape their localities with their communities, tackle climate change, reset and regenerate the economy, reduce inequalities, improve health and create more cohesive, resilient and safer places. Investing in local people and places is in the national interest and one of the most powerful tools in addressing inequalities. The government's missions can only be truly realised through effective public services.

The Local Government Association (LGA) has consistently highlighted the scale and impacts of the continued reduction in public spending ([here](#)). Local authorities are in a precarious position and having to scale back or close a wide range of public services, with increasing numbers having issued a Section 114 notice or actively considering such action.

We are more than aware of the parlous state of government finances. A new funding model is needed that reflects the needs of local communities and enables local authorities to be more effective in delivery; allowing for greater freedom and flexibility to deliver on local priorities.

### **Simplifying the public sector funding model is essential**

- **Clarity on the future of a wide range of fixed term funding pots** is critical. These support a wide range of activity including: Supporting Families funding, the Household Support Fund, domestic abuse services, the Homelessness Prevention Grant and Shared Prosperity Fund, to name just a few. Withdrawal of funding will impact significantly on service delivery, lead to increased pressure on already unsustainable budgets and poorer outcomes. With no clear direction, many local authorities have started to lose staff and will need to start to consider closing services.
- Devolution provides a real opportunity to allow local areas to focus investment in the greatest areas of need for the communities we serve. A move away from siloed specific funding streams as well as wasteful competitive bidding would be welcome, enabling localities to cut to the chase and address their key issues. **Removing funding siloes and competitive bidding** as part of a devolved local government model opens the door to whole place transformation to delivering across socio-economic, health and environmental agendas.
- We welcome the government's [commitment](#) to a **multi-year funding approach** and seek assurance that it will apply to local government funding. Allocating finances on an annual basis, or via short-term competitive funding streams, seriously hampers financial planning and does not deliver value for money. It also pits LAs against each other and leads to winners and losers. Adopting a multi-year approach will allow local and combined authorities to plan, prioritise and make meaningful financial decisions in a timely manner while driving far greater efficiencies through longer term procurement.
- Underpinning this must be a **local government funding review**. Until key issues such as the social care funding model and fair funding are addressed, the funding available across the wider system to drive the outcomes government seeks will be limited.

### **Resetting the local/national government relationship**

- There is a clear role for both local and national government in delivering positive outcomes and this works best when working in partnership. We welcome the government's early rhetoric on resetting the relationship and stand ready as proactive and positive partners in moving towards a true, effective and mature partnership with central government.