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Issues, challenges and opportunities for local Councils

**Mo Baines, APSE Chief Executive,
Visting Professor, University of Staffordshire**

The role of Westminster

- Devolved nations and English Regions dependent on the Treasury in Westminster
- Conflicts in public policy? Mission-based government or local powers?
- The dichotomy between 'Big Government' and 'Local Government'
- An ongoing 'conflict'
- Local government reorganisation now in the mix!



Funding

- General taxation: the National Health Service, Education, Police and Justice, Defence, Welfare, Transport, Environment
- Local taxation: local social care, children's services, parks, waste, roads and highways, sports and leisure, bereavement services, registrars, licensing, housing and homelessness.... and on and on....
- Spending review 'wins' education catering, capital funding for housing, better settlement overall and long-term funding plans, reductions in bidding pots

However.....the data shows the scales have tipped.....

- Historically local councils received 75%-80% of income through central government funds and raised 20%-25% locally
- Now.. Councils receive just a quarter of income from Central Government
- The tax burden has shifted from central collection of tax distributed to local services through revenue support to local tax collection on local service spend.
- Between 2010/11 and 2020/21, councils' spending power funded by the government fell in real terms by more than 50%

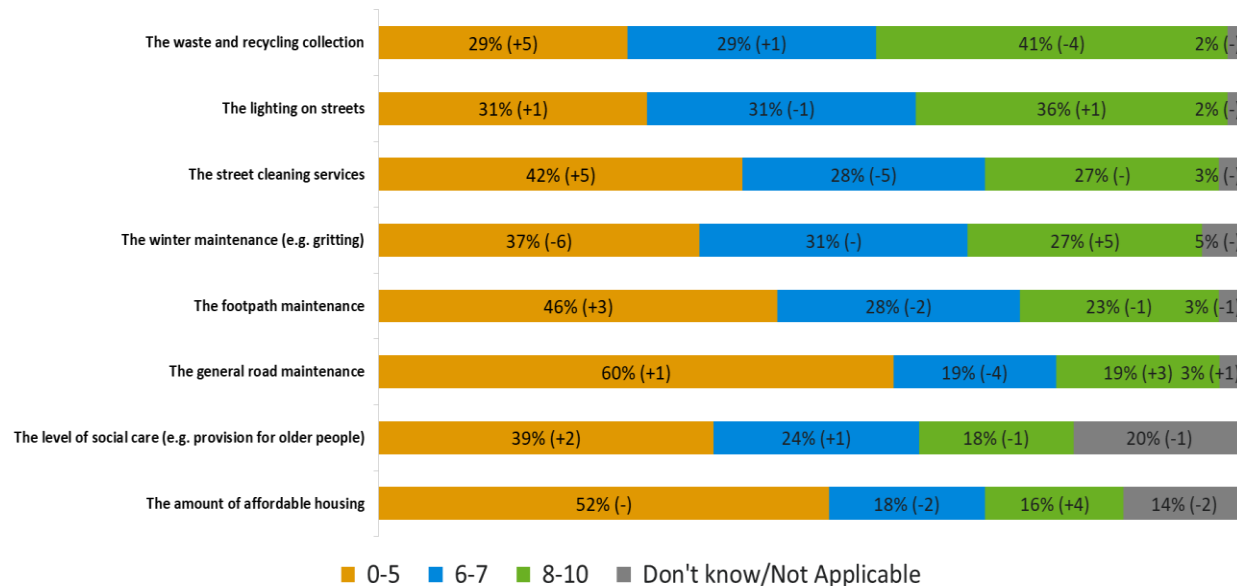


Unequal misery

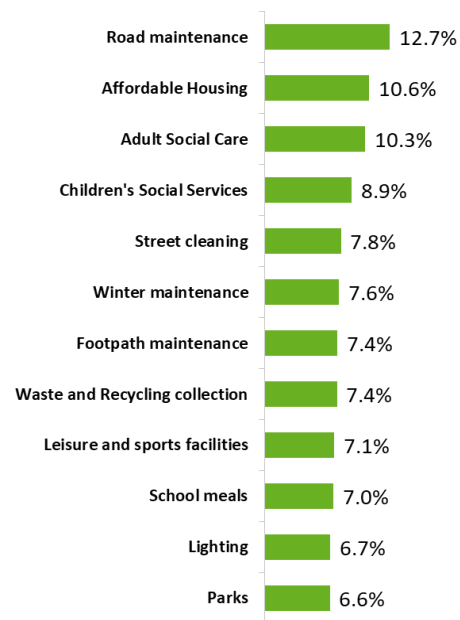
- 'Decentralisation' over the last 15 years has reduced Revenue Support – the poorest areas, in receipt of the highest grants, are the most reduced
- Local councils less capable of raising local taxes – mainly reliant on a 'Council Tax' and 'Business Rates' – which are outdated with global changes in retail patterns and decline of industries
- Frontline Neighbourhood services – the poor relation!
- The Public Value neighbourhood services but extra spending supported equally by the public on potholes and Granny!
- However... much to be proud of! High satisfaction ratings in parks, waste and recycling, leisure, school meals....



On a scale from 0 to 10, with 0 meaning very dissatisfied and 10 meaning very satisfied, how satisfied or dissatisfied are you with the following services in your local area?

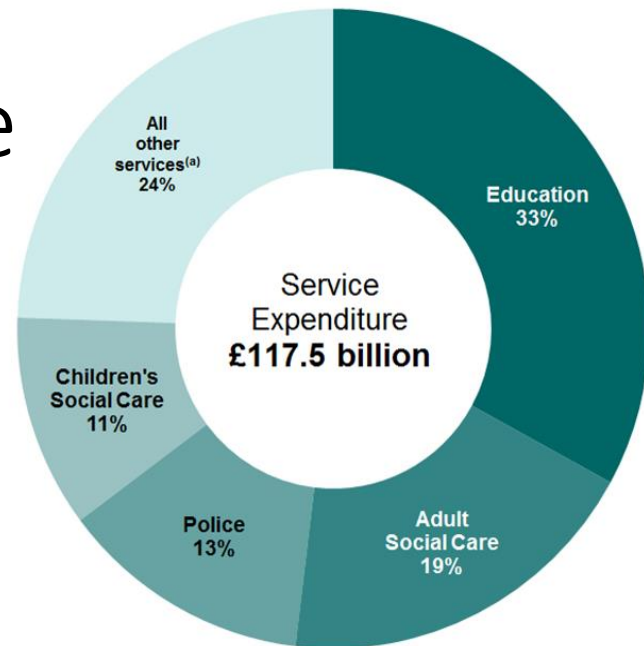


You stated that you would like to see MORE money given to local councils than is done so currently. If you had the choice, what percentage of the extra money would be spent on each of the 12 services below?



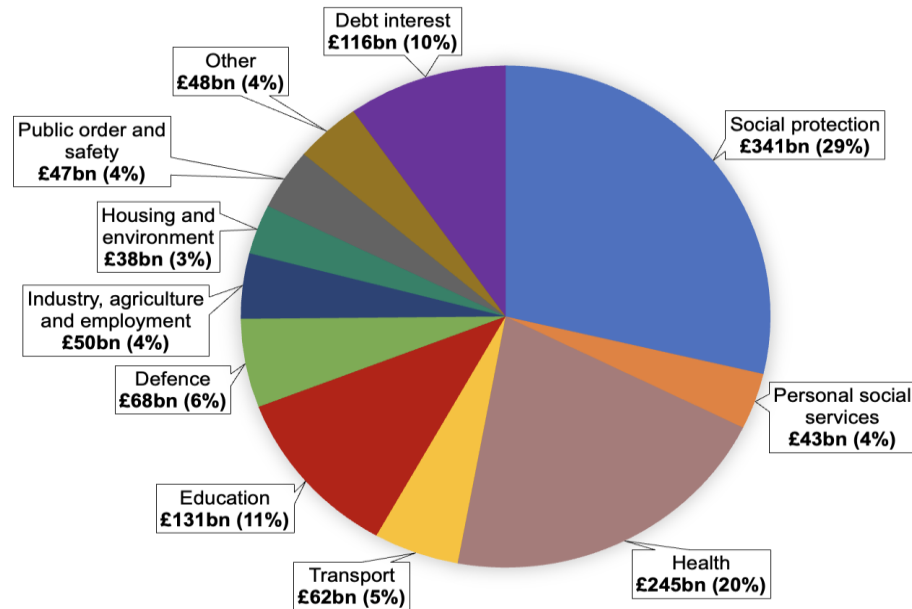
Local councils are expected to deal with the big public policy conundrums....

Expenditure by service 2023-2024



But the central Treasury is also under pressure

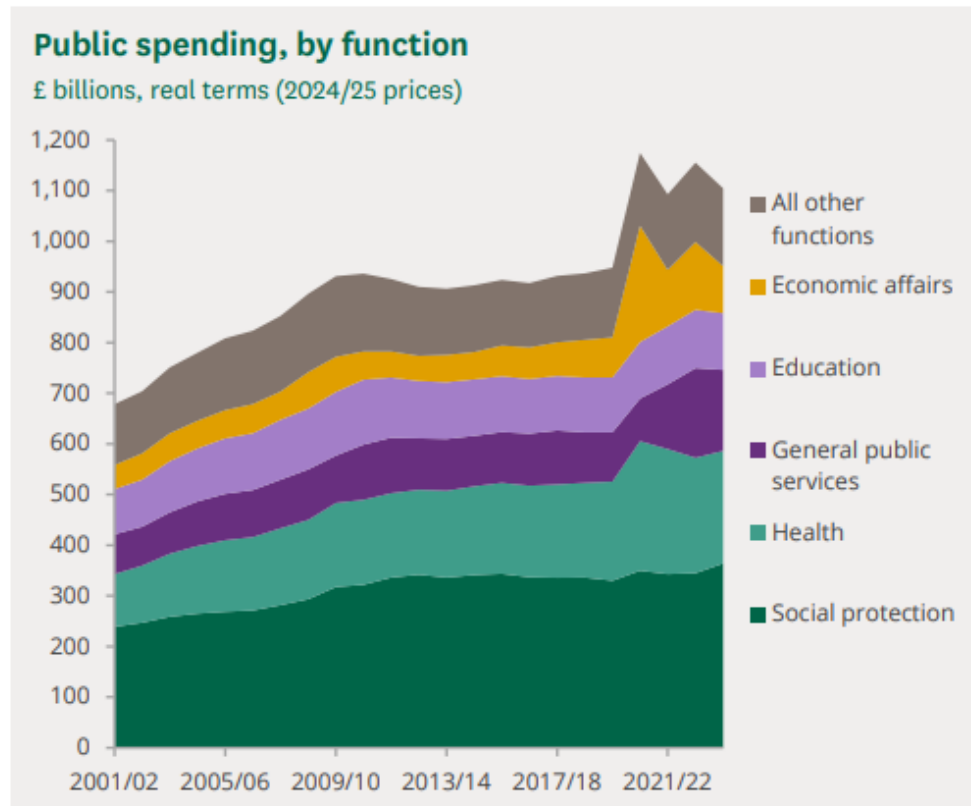
Public sector spending in Financial Year 2023-24



Total £1,189bn

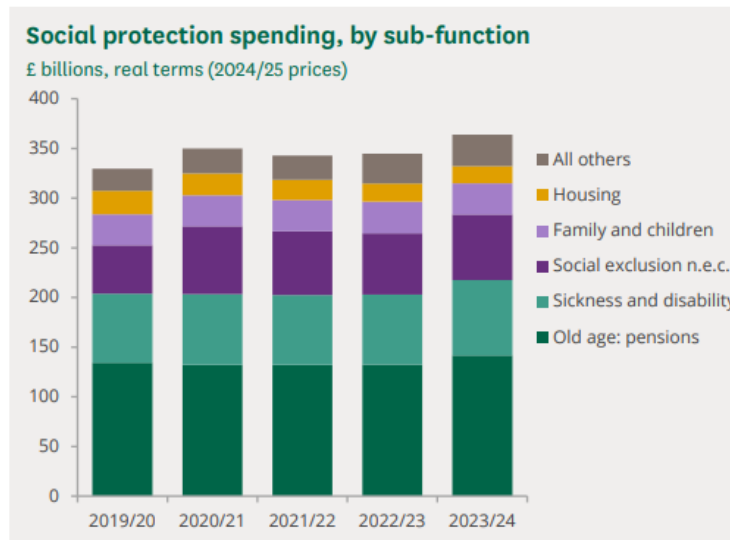
Source: page 114 of the Spring Budget 2023 publication by HM Treasury

Spend by Function



Note: Real-terms figures calculated using GDP deflators. Growth in this deflator for 2020/21 and 2021/22 has been averaged across these years to smooth the distortions caused by pandemic-related factors.

The Financial Reality for the Treasury



Notes: "n.e.c." – "not elsewhere classified". Real-terms figures calculated using GDP deflators. Growth in this deflator for 2020/21 and 2021/22 has been averaged across these years to smooth the distortions caused by pandemic-related factors.

Source: HM Treasury, [Public Expenditure Statistical Analyses 2024](#), Table 5.2, 30 July 2024



Where does this leave the delivery of the Government Missions?



The five missions

1. Kickstart economic growth

to secure the highest sustained growth in the G7 – with good jobs and productivity growth in every part of the country making everyone, not just a few, better off.

2. Make Britain a clean energy superpower

to cut bills, create jobs and deliver security with cheaper, zero-carbon electricity by 2030, accelerating to net zero.



3. Take back our streets

















by halving serious violent crime and raising confidence in the police and criminal justice system to its highest levels.

4. Break down barriers to opportunity

by reforming our childcare and education systems, to make sure there is no class ceiling on the ambitions of young people in Britain.

5. Build an NHS fit for the future

that is there when people need it; with fewer lives lost to the biggest killers; in a fairer Britain, where everyone lives well for longer.

| Mission | Market Making | Attract-iveness | Labour market | Innovation | Health | Culture & Leisure | Environ-ment | Care |
|---------------------|---|--|---|--|---|--|--|---|
| Energy superpower |  |  | | |  | |  |  |
| Breakdown barriers | | |  |  | |  |  |  |
| Safer streets | |  | | | |  |  |  |
| NHS fit for purpose | | | |  | | | |  |

However, factors in the local government sequel.....

- Not yet at the same funding levels as 2010/2011
- Councils with social care slightly better than those without
- Local Government Reorganisation
- Changes to finances in the future
- Big ticket items to be delivered: Post Grenfell, Safer Homes, New Homes (1.5M by the end of Parliament)

English devolution

- Mayoral models
- Strategic authorities
- Combined Authorities
- Where will strategic decisions on issues like Climate Change be realised?
- What about local government reorganisation?

Why Unitary?

- Simplified system of local government
- Efficiencies?
- Bigger footprint – population size over 500,000 people
- Ultimately saving money for the public purse...
- Already in place in Wales, Scotland (and to some extent Northern Ireland)

21 Areas

- Cambridgeshire and Peterborough
- Derbyshire and Derby
- Devon, Plymouth and Torbay
- East Sussex and Brighton
- Essex, Southend-on-Sea and Thurrock
- Gloucestershire
- Hampshire, Isle of Wight, Portsmouth and Southampton
- Hertfordshire
- Kent and Medway
- Lancashire, Blackburn and Blackpool
- Leicestershire, Leicester and Rutland
- Lincolnshire, North Lincolnshire and North-East Lincolnshire
- Norfolk
- Nottinghamshire and Nottingham
- Oxfordshire
- Staffordshire and Stoke-on-Trent
- Suffolk
- Surrey
- Warwickshire
- West Sussex
- Worcestershire

The Roadmap to Change

- Application to the Devo Priority Areas
- Approval needed from the Minister
- Suspension of elections (if applicable) (Jim McMahon, OBE)
Statement of 5 February
- Legislation before Parliament (slightly different process for unitary changes).
- Shadow Authority
- But then the hard work.....

Councillors

- Fewer councillors (More powers...?)
- Politics with a big P and small p!
- Disruptors to local political institutions / parties
- Council leaders – fewer overall
- Voting pattern changes

Will Unitary Organisation help with the mission for growth

- Placemaking role of strategic / combined authorities and mayoral models
- Will powers and funding be drawn upwards? Is there a risk of hollowed out councils?
- Supply chain influence and knowledge of local economies?
- Issues of democracy, governance and scrutiny?

Responding to new legislation

- Legislative Programme of Government
- Housing and planning
- Building safety
- Public procurement
- Even a Cornish Language Bill!

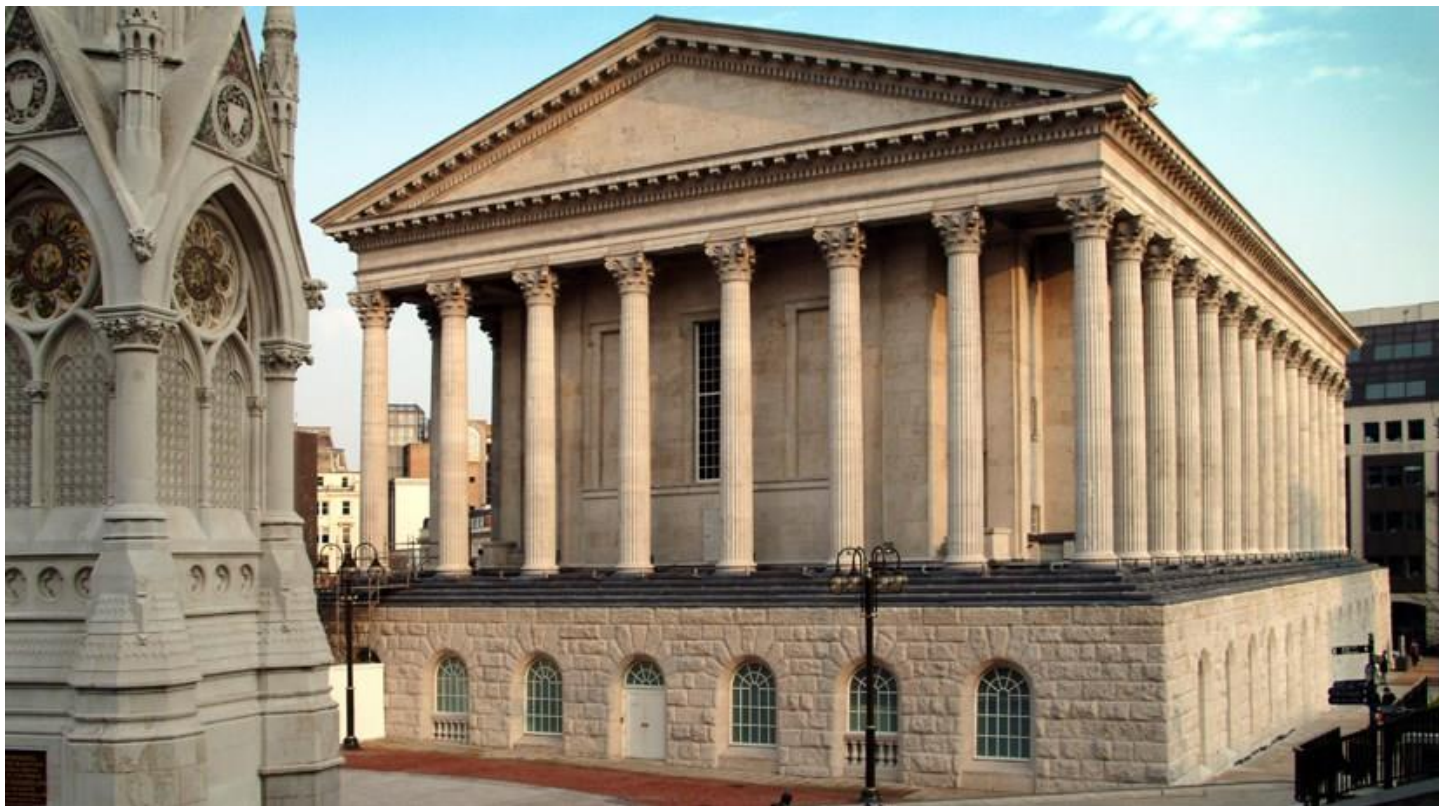
The challenges for 2025-2026

- Financial challenges do not go away
- Recruitment and retention and the ageing workforce
- How do we help to deliver 1.5 Million new homes?
- Building safety
- Rebuild capacity in Adults and Children's services
- SEND funding
- Homelessness and temporary accommodation and...
- Deliver the doorstep neighbourhood services?

Will local government deliver for Ministers on the Five Missions of Government ?

- **Economic growth at a local level:** Housing, construction, jobs and skills, place-making and green infrastructure
- **Make Britain a clean energy superpower:** Local energy schemes, public building solar, role of councils in planning, new homes
- **Take back our streets:** Place-making role of councils, public realm, neighbourhood services
- **Break down barriers to opportunity:** Nursery provision and education, sure-start centres
- **Build an NHS fit for the future:** Preventing ill-health, leisure, parks, decent homes

Finally, the small issue of LGR....





Association for Public Service Excellence

Contact details

Mo Baines, Chief Executive, APSE

Visiting Professor, University of Staffordshire

Email: mbaines@apse.org.uk



Association for Public Service Excellence

3rd floor, Trafford House, Chester Road,
Old Trafford, Manchester M32 0RS.

telephone: 0161 772 1810

web: www.apse.org.uk