



Spending Review 2021: Solace submission

Solace is the representative body for more than 1,700 chief executives and senior managers working in the public sector in the UK, committed to promoting public sector excellence. Our members offer a unique perspective on how policies interact in place and operate on the ground.

Key messages

- This submission addresses some of the Government's **core objectives** for this Spending Review, in particular:
 - Ensuring strong and innovative public services
 - Levelling up across the country
 - Leading the transition to Net Zero
- But in order to ensure all of this is delivered in the context of all parts of the country continuing to successfully respond to, and recover from, the Covid-19 pandemic, this Government must meet Solace's **three key asks**. These are:
 1. Address as a matter of urgency the **workforce crisis** affecting the local public sector;
 2. Invest significantly in **social infrastructure**, with a specific focus on prevention and early intervention initiatives;
 3. Provide local government with a **truly sustainable multi-year funding settlement**.
- Delivering on these asks will help the Government to achieve a number of the **Conservative manifesto¹ commitments** including (but not limited to):
 - Making sure people have access to world-class public services (page 25)
 - Unleashing Britain's potential and 'levelling up' (pages 25-31)
 - Strengthening the NHS and Social Care (pages 9-12)
 - Investing in Britain's people (pages 36-39)
- In helping to achieve these commitments, a strong local government sector will also help to **improve peoples' life chances, address inequalities and disparities, and build long term community resilience**.

¹ [The Conservative and Unionist Party Manifesto 2019](#)

Solace Business Partner



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Context

- While **the pandemic has been global, much of the response has been local** with councils playing a key role in supporting not just the Government and health partners but their communities and economies too.
- Where central and local government have **co-designed and co-produced**, we have seen impressive results in relation to delivering major improvements to testing, tracing and vaccine uptake, especially among harder-to-reach groups of people.
- During the pandemic **councils have also played a leading role** in assisting the Government to:
 - administer more than £10bn grant funding to more than 800,000 businesses;
 - support more than 37,000 vulnerable people on the streets, and move more than 26,000 in to longer-term accommodation;
 - deliver more than three million food boxes to clinically extremely vulnerable people shielding from the virus.
- On top of this, in the last year councils have also:
 - approved planning for, and helped to deliver, the highest number of homes built in a year since 1987²;
 - played a key role in helping to reduce rough sleeping by 43%³ within two years;
 - spearheaded the national response to climate change by collecting 15.5 million tonnes of waste and recycling, and installing more than 17,000 electric vehicle charging devices across England⁴;
 - stepped up to successfully start housing the first of up to 20,000 Afghan refugees as part of the UK's resettlement scheme, to name just a few of the sector's recent achievements.
- But **the Coronavirus crisis has taken its toll** on councils, their finances, and their heroic workforces.
 - An August 2021 Solace survey found almost nine in 10 (89%) local authority chief executives and senior managers are **extremely concerned** their council can adequately meet the needs of their residents, businesses and communities in the next three to five years, based on current funding levels.
- The vast majority of residents⁵ continue to be satisfied with the services councils offer – although the **polls are down from their peak** last summer. Without further financial support from Government, including giving councils greater fiscal freedoms and flexibilities, there is a danger satisfaction levels will continue to drop if there is a further reduction in the quality and quantity of the services delivered due to sustained budget constraints and a shortage of skilled and experienced professionals.

² [Most homes delivered in 33 years, MHCLG press release, 26 November 2020](#)

³ [Huge progress made as rough sleeping figures at 6 year low, MHCLG press release, 25 February 2021](#)

⁴ [Councils spearheading national climate change effort, LGA press release, 22 April 2021](#)

⁵ [Polling on resident satisfaction with councils: Round 29, LGA, June 2021](#)



- Restrictions on resources – both financial and physical – will also hold councils back from **playing a full role in helping the country to 'build back better'**, including, but not limited to having a skilled workforce capable of caring for the most vulnerable and helping communities and economies navigate and be more resilient to complex change while delivering services to an acceptable standard; and inhibiting the sector's abilities to achieve the country's ambitious Net Zero targets. Local authorities will also be restricted in their ability to address inequalities and level up life chances.

Overview of our asks

1. Address the workforce crisis

The request: The Government should work with Solace (and other sector bodies) to coproduce a 'People in Place' plan – a **workforce strategy for local government**, similar to that for teachers, nurses, and civil servants, which seeks to address both short- and longer-term challenges. It is imperative that this overarching strategy should include a workforce diversity and inclusion plan in order to help places develop a skilled workforce which better reflects the communities they serve; in turn helping to address inequalities and disparities at a local level right across the country.

The reason:

- About three-quarters (74%) of councils in England have reported **problems with recruitment and retention**⁶ – a situation which has not changed for more than 10 years.
- Our survey found a third (33%) of local authority chief executives and senior managers **do not currently have enough staff** with the appropriate skills/qualifications to run services properly/to an acceptable standard.
- They said the two biggest issues regarding recruitment and staff retention are a lack of applicants, and that they struggle to offer competitive salaries due to a lack of resource.
- And there are **huge concerns about the immediate leadership pipeline** with almost nine in 10 (89%) concerned about the pipeline of staff with the appropriate skills/qualifications to work in the most senior roles in the council over the next three to five years, of which 61% are strongly concerned.
- A fifth (20%) of chief executives and senior managers **do not believe their senior teams are diverse and representative** of the community their council serves.
- While it is encouraging **Government has recognised the workforce capacity and capability problems** in adult social care⁷, we await to see the detail on any proposed solutions.
- The key point is that the workforce issues in adult social care are replicated across the whole of local government. It is crucially important that the Government acknowledge, and seek to address, this

⁶ [Workforce planning, LGA, 2021](#)

⁷ [Build Back Better: Our plan for health and social care, HM Government, September 2021](#)



growing workforce crisis strategically in order to avoid unintended consequences in other parts of the public sector.

The ask in detail:

Overarching

1. Develop a progressive workforce strategy

In addition to developing a workforce strategy for the sector, the Government should also work with Solace (and other sector bodies) to:

- coproduce **career frameworks for key professional disciplines** experiencing recruitment/retention issues (e.g. planners, lawyers, environmental health, and building control) to ensure the development of a thriving pipeline of future leadership candidates with the necessary skills and experience to fulfil key professional roles to a high standard.
- The professions requiring additional attention/support should be kept under regular review, informed by good data (see '**Research and evaluation**' section under point four below).

Short-term

2. Create a recruitment campaign

- The Government should lead/support a major (and sustained) advertising and recruitment campaign to promote the benefits of working in local government and the wider local public sector to help **ensure the LG sector has the capacity to deliver** services for its communities to an agreed, acceptable standard – and so to be able to deliver on the Government's ambition to 'level up' places.

3. Invest in education and training

- The Government should commit to investing £250m every year in education and training to ensure the local government workforce of today and tomorrow has the right numbers, skills, values and behaviours, at the right time and in the right place(s).
 - £250m represents one sixteenth (or 6%) of what Health Education England spends on educating and training the health workforce each year (£4bn).
- The money invested should also be linked to a commitment to transformation and creating 'post-pandemic councils' that will be fit to meet the future needs/demands of the communities they serve.
 - A post-pandemic council is one which convenes, enables and, where required, delivers in a place working with NHS, community leaders, the voluntary and community sector, businesses, and government to keep its residents safe and creates opportunities to thrive.

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Pipeline

4. Create a Local Leadership Academy

- A Local Leadership Academy should be created to compliment the work of the National Leadership Centre.
- The Local Leadership Academy should focus on developing leadership in a Place i.e. not just local authority specific. This in turn will help to nurture the talent and relationships needed for successful and inclusive system leadership in a Place in the coming years.
 - A dedicated equality and diversity workstream with a specific focus on creating more a diverse and inclusive senior leadership pipeline – representing the communities they serve – should also be considered as part of Local Leadership Academy’s programme.
- For the Local Leadership Academy the Government should match the £10m per annum funding it provides to the National Leadership Centre.

Research and evaluation

- A further £2m per annum should be invested in a research and evaluation programme, with strong involvement from Solace (and other sector bodies). The data from this will help to:
 - demonstrate which leadership programmes are working well;
 - inform the ongoing development of the Workforce Strategy, including highlighting current/future workforce challenges, overall and by profession;
 - act as an assurance mechanism for Government on the value of this spending.

5. Set up Local First

- Similar in concept to Teach First, a newly created Local First organisation would act as training and development programme for high quality graduates and ‘career changers’ who would be otherwise unlikely join a local authority and/or local public sector body.
- The Government should match fund what it invests in Local First (almost £19m a year) over the next six-and-a-half years.

Solace (and other sector bodies) should play a key role in helping to codesign the creation of and then oversee the running of Local First.

The impact:

- Creating and supporting a local government workforce strategy will remove significant and growing risk that future shortfall and problems with recruitment generally, but especially in leadership position, will undermine the ability of councils to support the Government’s agenda and deliver better services and opportunities for their residents.
- It will also free up valuable resource dedicated to managing staff shortfalls and so drive up the quality of services – this will help to reduce inefficient spending on agency staff.

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- The Local Leadership Academy, with its pan public sector focus, will drive up the quantity and quality of collaboration at the local level, so increasing the effectiveness and efficiency of all local services and driving public sector reform.
- Creating Local First will help support the Government's Places for Growth programme, delivering a more geographically diverse Civil and Public Service that will better serve the public and ministers. It would also replicate the injection of dynamism that Teach First has engendered in education.

Context:

- The sector has an ageing workforce while there is a limited number of candidates with the required skills and experience in certain key professions.
 - For example, Skills for Care estimates⁸ there are approximately 112,000 vacancies at any one time – with recruitment and retention issues increasing as a result of Covid.
 - In council planning departments, only around one in 10 (9%) of staff are under the age of 30 whilst more than a third (35%) are older than 50, according to the RTPI⁹.
 - And in environmental health, 31% of senior officers have warned the delivery of some statutory environmental health duties is at risk due to resourcing issues¹⁰.
- Taken on their own, these point to major pipeline problems in individual professions. But put together councils are collectively facing an extremely worrying workforce crisis.

2. Shift spending emphasis to help address inequalities

The ask: Invest significantly in social infrastructure, with a specific focus on community-led prevention and early intervention initiatives, to help build short term and long term community resilience.

The reason:

- **This Coronavirus crisis has shown the central importance of prevention and early intervention.** For decades, the UK public sector has not done enough to invest upstream and tackle challenges before they happen, or before chains of causation are triggered, leading to poor outcomes for individuals and higher demand for expensive public services. **Problems postponed only become more difficult to resolve.** By contrast, healthier adults are more productive which in turn helps to boost the economy.
- It is estimated¹¹ we spend around 20 times as much on treating ill health as we do on direct prevention, yet the relative cost-effectiveness equation sees a reversal of these proportions –

⁸ [Social Care Leaders: vision for a future workforce strategy, Skills for Care, 2021](#)

⁹ [Resourcing the Planning Service: Key trends and findings; RTPI, 3 June, 2021](#)

¹⁰ [Environmental health workforce survey report: local authorities in England, CIEH, April 2021](#)

¹¹ [Prevention: A shared commitment, LGA, September 2015](#)

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primary prevention is likely to be 24-40 times more cost-effective than treatment on a lifetime basis, with a break-even point after as little as two years.

- Investing in prevention and early intervention, particularly in relation to health, has been found to be an investment in economic prosperity through multiple pathways¹².
- **Investing in social infrastructure creates resilience** which in turn will help ensure communities, and the country as a whole, is better able to cope with future pandemics, natural disasters, acts of terrorism, and other economic and social shocks.
- And if the country is to lead the transition to Net Zero we **will need to invest significantly** in preventative measures which help to turn the tide on climate change.

The ask in detail:

- Solace is proposing the Government creates a new Levelling Up Lives fund targeting preventative measures which will help the country to respond to, and resolve, the many longstanding social and economic issues exposed by Covid-19 while also hugely **improving and 'levelling up' peoples' life chances, upskilling the entire nation, turbocharging the economy and unleashing Britain's potential post-Brexit.**
 - It should aspire to match the £100bn Conservative Manifesto spending commitment on physical infrastructure. **Infrastructure is not just about bridges, buildings and roads** – it's about people and communities too.
- Initially funded through a mixture of redistribution of the UK Shared Prosperity Fund and borrowing, a proportion of **the savings generated could be reinvested** so the fund would only need limited, if any, topping up in the future.
- In addition to this, the Government should **work with the sector to coproduce a local authority framework** in the upcoming Net Zero Strategy which should include:
 - a national joint body, to **enable national and local government collaboration** on net zero related issues;
 - long term funding and support to **build capability and skills** for local authorities and allow time to plan net zero projects which will maximise the local benefits; and
 - clear definitions of the role of local authorities – and Government - in decarbonisation so we can **hold each other to account.**

The impact:

- Beyond addressing the immediate need to respond to the pandemic, there needs to be a coordinated, structured long-term investment in communities so local areas, and the country as a whole, can **become more resilient and 'build back better'**.
 - The Government's own analysis has shown that typically for every £1 spent on crisis response, £3-4 needs to be spent on recovery¹³.

¹² [The case for investing in public health, World Health Organisation, 2014](#)

¹³ [Humanitarian Emergency Response Review, HM Government, March 2011](#)

- The Levelling Up Lives fund will help to deliver **sustainable economic growth**, as well as service reform, as the Troubled Families programme illustrates. The fund will also significantly **increase the resilience of communities across the country**, so preparing Britain for future challenges.
- The fund will help to address, rather than defer, a number of cost and capacity pressures that have been building over time. In turn the fund will **alleviate demand on future Budgets**.
- Having a single fund focused on prevention and early intervention over the long-term will also help to **reduce the unintended negative impacts** caused by distributing funding through multiple pots over a limited period of time.
 - Most Government funding pots are often linked to tackling complex, systemic issues such as knife crime, domestic violence, and homelessness, but by only providing money for a limited period of time it **risks doing more harm than good** to the very people who need the most help if councils have to reduce or cease these interventions when the pot runs dry.
- A local authority framework in the Net Zero Strategy, **underpinned by sustainable long term investment**, will not only help to provide clarity on the role of what each actor can do at each level – from local to international –, but it will also be vital in terms of driving change and holding each other to account.

Context:

- Our survey found 86% of council chief executives and senior managers said **inequalities within the communities have been created and/or exacerbated** as a result of the Covid-19 pandemic.
- In England, **COVID-19 mortality rates have been more than twice as high for people from the most deprived 10% of local areas** compared with people from the least deprived, and almost four times as high for people younger than 65¹⁴.
- The Troubled Families programme has provided a glimpse at what can be achieved if councils are allowed to effectively coordinate and fund a range of services across an area while taking a longer term view. The Government’s own evaluation of Troubled Families concluded it is “**making a significant contribution towards improving life for disadvantaged families**” and added it is “providing a net benefit for society” on an economic scale too. The programme has also proved “successful in driving transformation” of local services¹⁵.

3. Deliver sustainable funding

The ask: Provide local government with a truly sustainable multi-year funding settlement.

¹⁴ [Unequal pandemic, fairer recovery: The Covid-19 impact inquiry report, The Health Foundation, July 2021](#)

¹⁵ [National evaluation of the Troubled Families Programme 2015-2020: Findings, MHCLG, March 2019](#)

The reason:

- Meeting this **Spending Review's core objectives** – ensuring strong and innovative public services, levelling up across the country, and leading the transition to Net Zero – will require the support of a strong local government sector.
- Despite Government support to help mitigate the impact of Covid-19 on councils, the financial challenges councils faced pre-pandemic – the LGA estimated an **£8bn funding gap** by 2025¹⁶ – have only been delayed.
 - Furthermore, the ongoing uncertainty in relation to not just financial settlements but wider funding reform undermines councils' ability to look beyond a 12 month horizon and strategically plan how to tackle the myriad challenges their communities face.
 - The pandemic, and its potentially far-reaching impact on the structure of local economies, has made the matter of reforming business rates in particular even more pressing with local authorities increasingly reliant on growth in their business rates base, while also being liable for appeals, reductions and/or closures.
- An August 2021 Solace survey found 86% of local authority chief executives and senior managers saying that **the Covid-19 pandemic**, and its impact on costs and demand, has **made the funding situation for their council worse**.
- In addition to this, almost nine in 10 (89%) are **extremely concerned** their council can adequately meet the needs of their residents, businesses and communities in the next three to five years, based on current funding levels.
- And in relation to tackling climate change, ever since the Environment Bill was first announced in 2019 councils across the country have been busy developing and enacting strategies to **create greener, more sustainable communities**, as well as sharing tools and learnings.
- But it will take more than a few well-meaning plans, pedestrianised streets and exchanged ideas and tools to have the impact required. Local government has the **focus, determination and ambition to help the country achieve Net Zero by 2050** but there is only so much the sector can do on its own, especially when council budgets are constrained - financial constraints combined with uncertainty make it difficult for councils to be ambitious in addressing the climate crisis.

The ask in detail:

As part of providing councils with a truly sustainable multi-year settlement, the Government should:

- Commit to a **minimum three-year financial settlement** for local government, but ideally five years to match that received by our partners in the NHS.
- Create a spending envelope based on a 'status quo plus' approach, starting off by rolling over the 2021-22 settlement for local government with an **uplift of at least 1% in real terms each year**.

¹⁶ [Councils can, LGA, July 2019](#)

- We have welcomed the Government’s recent pledge to invest an additional £5.4bn in adult social care but we are concerned that the bulk of this money will not kick in until 2023 and so will do **little to alleviate the funding crisis** engulfing the social care system right now.
- It is therefore crucial that the forthcoming Spending Review addresses the **ongoing and widening funding gap** in not just adults social care but children’s social care too. A failure to do so will not only negatively impact on the sustainability of local government finances but more importantly also on the life chances and economic potential of service users – as well as hampering the ability to deliver the aims and ambitions set out in the NHS Long Term Plan within a system that remains resilient as we recover from Covid-19.
- Consider allowing councils to carry forward budget deficits (as the NHS can) over a limited period of time (e.g. five years) before returning to a balanced position.
 - This **technical cost-free change** would provide councils with a powerful tool to manage their finances more holistically and would therefore enable local authorities to avoid making drastic cuts to vital services, as well as lowering the chances of any council needing to issue a section 114 notice.
- Looking further ahead, the Treasury and the Department for Levelling Up, Housing and Communities, as well as other Government Departments as appropriate, should work with representative bodies from local government, including but not limited to Solace, the LGA, and CIPFA, to co-design a truly sustainable finance system for councils which will stand the test of time.
 - This should include a fundamental re-imagination of the pillars of local government finance, including business rates and council tax, to create a truly sustainable finance system that is able to meet the existing and future demands of society.
 - As part of this, Government should consider giving local government new fiscal powers to **raise the necessary additional funding locally**, such as implementing a local income tax – as recommended by the Institute for Fiscal Studies¹⁷.

The impact

- A significant uplift in funding to meet the current gap facing the sector, combined with added certainty, will help local government to undo/start to reverse some of the impacts created by a legacy of underfunding over the last decade, which in many parts of the country has manifested in the state of the public realm.
- Providing local authorities with financial certainty will also enable them to meet the ambition to ‘build back better’, play a major role in supporting the delivery of the Government’s ‘levelling up’ agenda, and create more resilient communities.
- It is crucial that any uplift in funding should not be come in the form of a proliferation of one-off funding pots. Solace research found **almost £7bn has been made available to councils through one-**

¹⁷ [Taking control: which taxes could be devolved to English local government, IFS, March 2019](#)

off funding pots since 2010 (despite repeated Conservative Manifesto promises to do the opposite), with a growing trend between 2018 and 2020.

- Constraints placed on funding pots usually means the money is spent on dealing with existing demand rather than reform.
- On average it **costs councils £20,000-£30,000 per bid**, and in some cases **officers lose hundreds of days** preparing the required documentation¹⁸.
- The unpredictable timing of each pot also causes difficulties. The NAO warned that a lack of financial certainty “creates risks for value for money as it **encourages short-term decision-making** and undermines strategic planning.”¹⁹
- Additionally, we would not welcome a return to more ring-fenced funding. There would be **better value for money** in aggregating the funding for smaller funding pots, which are often used to try and plug gaps in an unsustainable system, and other sources, by putting it all into core funding for local services which in turn would give councils a better chance to reform services and deliver improvements.

Context

- The absence of certainty around ongoing funding makes accurate and detailed planning impossible for councils and significantly increases the chances of service disruption/hiatus, with current providers more likely to seek alternative (and more secure) contracts elsewhere, leaving much needed services in the lurch.
- Unlike much of the public sector, councils have to balance their budgets every year, but **effective preventative programmes may have a payback period of ten or twenty years**, and the Government’s funding timescales must reflect this.
- The Housing, Communities and Local Government Committee reported in 2019 that councils “**had no choice but to cut non-statutory services**” due to the need to balance the books each year. “Forcing local government to reduce resources for these services”, said the Committee, “may cause higher costs in the future or just **move pressures to other parts of the public sector**”, as well as hampering the sector’s ability to tackle inequalities²⁰.
- This short-termism can cause local government to become **less resilient** to future events, with sudden changes or shocks to the system usually leading to difficult choices about further cuts to services or an unplanned drawdown on reserves.

¹⁸ [To bid or not to bid: calculating the costs of competitive funding processes, Localis, July 2014](#)

¹⁹ [Financial sustainability of local authorities 2018, National Audit Office, March 2018](#)

²⁰ [Local government finance and the 2019 Spending Review, Housing, Communities and Local Government Committee, July 2019](#)