



Dear Lee

**REQUEST TO MEET WITH EAST OF ENGLAND APPG CO-CHAIRS AND EAST OF ENGLAND LGA CHAIR**

**Ensuring the financial resilience of councils:**

***Simplifying central government funding and increasing freedom to generate revenue in order for local authorities to be partners in addressing cost of living crisis, net zero and levelling up agendas***

We are writing to request a meeting with you in your capacity as Minister for Local Government to discuss the outcomes of the East of England APPG meeting held on the 3<sup>rd</sup> November which, unfortunately, you were not able to attend and address.

The leader of Suffolk County Council and Chair of the East of England LGA, Matthew Hicks, presented a paper - attached - on income generation for councils and leading academic and independent public expenditure expert, Professor Tony Travers, made some interesting observations. We would like to share the meeting's key points and recommendations and request a meeting to discuss these issues further. The ten key points were:

- Councils across England have been exposed to the twin pressures of financial constraints and increasing service demand since austerity was introduced in 2010/11. The situation is getting worse with growing inflation, the scarcity of resources and the cost-of-living crisis, all having a significant impact on councils' ability to deliver crucial services, including those that are essential to the wellbeing of vulnerable people and wider communities
- The East of England (EoE) faces specific challenges having experienced the largest population increase in England over the last ten years (an increase of half a million, just over 8%), and also an increasingly ageing population in terms of demography.
- Figures in the briefing prepared by the University of Essex – also attached – show the core funding available for EoE local authorities has decreased over the last five years to the point where the EoE is now the most disadvantaged region when analysing the most recent data from the Revenue Account Budget in 2022/23.
- In England, from 2011 to 2021, the population aged 65 years and over increased by 20.1%, and the EoE is now the region with the third highest share of residents aged 65 years and over.
- The briefing paper shows that social care accounts for 70% of the expenditure of the region's county councils. However the East of England's county councils receive less than £600 per capita – the second lowest amount – and this is £100 less per head than county councils in the South East
- Professor Tony Travers commented on a west versus east, as well as north versus south, bias in Government spending, citing Total Public Expenditure per head in the East of England (and East Midlands) as £700 per person lower than the English average.



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- The East of England has remarkable economic growth potential – evidenced by increases in jobs and population over the last decade – but this is consistently being overlooked by the Government. This should and could be addressed in the Chancellor’s November 17<sup>th</sup> Autumn Statement. With better support the East of England can deliver significant growth for the Government and further net revenue for the Exchequer.
- Local government is responding to current challenges with resilience, innovation and a large dose of sheer hard graft. The sector has continued to focus on delivering joined-up, efficient and effective public services, mostly achieved through improving efficiency, organisational transformation, collaboration and exploring alternative delivery models.
- To protect core services, councils have also increasingly pursued commercial income development, but there is much that points to an increase in restrictions on such activities.
- The ask from EELGA member councils is “please stop moving the goalposts” and a reduction in competitive bidding for grants in favour of more medium term sustainable income for the sector, with councils able to invest in their people and places using integrated funding mechanisms.
- Local authorities also need more flexibility to operate the best commercial practice whilst retaining a sense of social purpose.
- Many councils have already shown that focussed commercial activity can enhance social value, support local infrastructure development and economic regeneration, and generate a financial return.
- Other ways of leveraging private investment should be able to be explored – especially in areas such as maintaining and improving the public realm e.g. dealing with litter, graffiti – including how charges are made to utility services for disruption to roads for multiple purposes when one set of construction/disruption could have been achieved

*Put simply councils face a collision of shrinking budgets and increased costs and demands. In the circumstances it is no surprise that the meeting concluded that central and local government need to work better together to confront this challenge and find solutions.*

EELGA, for example, suggest that a re-invigorated and re-energised partnership between local and central government based on agreed ‘ground rules’ for commercial activity, including partnership working with the private sector, is key.

To help deliver this vision, we would respectfully ask DLUHC – and HMT to whom this letter is copied - consider these ten practical recommendations.

1. **The region’s local authorities require more stable and multi-year funding solutions (3 - 5 years).**
2. **Simplification of central government funding with less funding pots and less competitive bidding**



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3. The proposed review of fair funding should look at the regional picture and consider both west east and north south biases
4. A more nuanced approach to monitoring and assessing local authority trading activities.
5. PWLB rules and Prudential Code to be revised to reflect this refined approach.
6. Greater incentives for projects that support local economic regeneration.
7. The UK Municipal Bonds Agency should be turbo-charged.
8. Support for councils that recognise and invest in Community Wealth Building.
9. Central and local government should jointly revisit the General Power of Competence.
10. Innovative ways of leveraging private sector investment should be jointly considered by HMT/DLUHC and LGA

As indicated we would be delighted to have the opportunity to meet to discuss our proposals further and respectfully suggest that should you be willing to do so an invitation is extended to the leader of Suffolk County Council and Chair of the East of England LGA, Matthew Hicks, and Cheryl Davenport, the Managing Director of EELGA, as well as ourselves. Perhaps your officials would liaise regarding dates and times with Steve Barwick who provides the Secretariat for the East of England APPG and who has sent this email on our behalf.

Yours sincerely

**Peter Aldous MP**  
Co-Chair  
East of England APPG

**Daniel Zeichner MP**  
Co-Chair  
East of England APPG

CC John Glen MP, Chief Secretary to the Treasury

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