

Mitigating the £6.2bn black hole: Are councils maximising these resources well enough?

05 September 2024  Anja Beriro

As Local Government Association analysis reveals that councils face a £6.2bn funding gap over the next two years, [Anja Beriro](#), Partner in Browne Jacobson's [Government and Infrastructure team](#), suggests some of the internal resources that could support senior leaders to navigate challenging economic times.

It is widely recognised that [local authorities](#) have been on a journey of belt-tightening for some time now, with a long list of pressures resulting in several councils filing Section 114 notices in recent months and others at significant risk.

A white paper produced by the Local Government Association (LGA) ahead of the General Election includes analysis that reveals how councils in England [face a funding gap of £6.2bn over the next two years](#).

This is driven by rising cost and demand pressures to provide adult [social care](#), [children's services](#), homelessness support and home-to-school transport for children with [special educational needs and disabilities](#).

The current Government's vision to tackle the chronic resourcing challenges within local government is outlined in its Public Sector Productivity Plan, which aims to free frontline workers from time-consuming administrative tasks and make significant cost savings.

Labour has indicated it can't simply solve the perennial local government funding problem by "turning the taps on".

So, regardless of the General Election outcome, there is no escaping the fact that councils must explore where further savings can be made with the least possible impact to their statutory duties.

So what does this look like and what are the practical steps to be taken?

Maximise internal resources

Local authorities should start by looking within their organisation for support, in particular statutory officer roles.

An obvious one is the Section 151 officer, also known as the chief financial officer, who has a responsibility to ensure financial functions are fit for purpose.

But an often under-utilised resource is the monitoring officer, who is responsible for legal governance and minimising the risk of service failure. They have a legal duty to ensure councils fulfil statutory obligations and apply their codes of conduct.

[A study by Browne Jacobson and the Local Government Information Unit's \(LGIU\) Local Democracy Research Centre last year](#) found the status of the role has declined over the past decade amid funding cutbacks and changes to the standards regime.

Increasingly, they have been associated with keeping control of member conduct rather than ensuring the ongoing corporate health of the local authority.

Perhaps the further reflection local authorities must take regarding their resources provides opportunity for refocus. Restoring the monitoring officer to their proper place within local government will help ensure any cost-saving changes made by councils do not prevent them from meeting legal requirements.

Review assets – but don't sell them all off

No matter how much local authorities manage to streamline certain parts of their operation, some very difficult decisions must be made in the coming months and years.

One avenue the Conservative Government has considered taking involves encouraging councils to sell “investment properties” with a combined value of £23bn.

While there is a clear attraction in selling capital assets to free up cash and ease the subsequent revenue crisis, authorities should beware of the pitfalls here.

We've previously seen buildings such as leisure centres, community halls and libraries sold off by local government. Those services, and any revenue they generated, have been lost through such sales and are unlikely to be replaced, so this strategy should be a last resort.

However, the conversation surrounding the future of assets could provide an opportunity to carry out a measured review of council assets to identify which buildings can safely be sold and discover ways in which they can maximise revenue from existing stock.

Workforce management and development

Staffing will also come to the fore of any discussions regarding requirements, and this should be headed up by a review of locum work, which is an industry in itself.

Local authorities rely heavily on temporary staff, with LGA data showing almost 13% of headcount in Q4 2022 was employed on a temporary or casual contract.

Considering how best to retain permanent employees instead is often cheaper, more stable and healthier as these people are not only more invested in the organisation, but generally better equipped to flex according to demand.

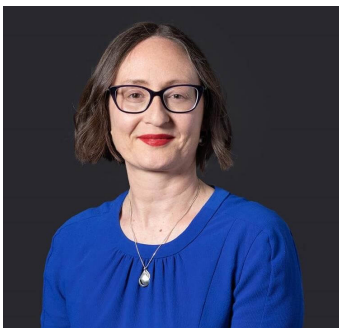
Meanwhile, recent comments from Government regarding diversity, equity and inclusion (DEI) schemes and roles potentially being reduced runs the risk of having long-term unintended consequences.

With so many big calls to make, it is important to have diversity of thought when making these decisions. It's also crucial the workforce, including the senior leadership team, reflects the diverse community it serves.

Don't rush into decisions

Throughout this process, it's vital that local authorities don't rush into any decisions that will have a profound impact on their communities for years to come without considering all the potential consequences that may not be immediately apparent.

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