

Councils face the perfect storm

Without Government action, councils face difficult choices about cutting valued services, along with increasing council tax, fees and charges during a cost-of-living crisis.

Despite additional funding this year council finances are under strain like never before.

The pressure on council budgets is mounting...

Spiking inflation, high energy costs, increases to the National Living Wage.

...whilst the demand for services continues to rise.

In particular rising demand for statutory services like social care and homelessness support have added to the cost pressures faced by councils.

By 2024/25 cost and demand pressures will add £15 billion (almost 29 per cent) to the cost of delivering council services since 2021/22.

This comes on top of a 27 per cent real-terms cut in core spending power since 2010 leaving councils lacking the resilience they need to meet new challenges.

Councils constantly work to protect their budgets, working with and learning from each other to share and transform services to ensure they can deliver high-quality services for residents. But there aren't any more easy savings to be found.

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If nothing changes councils are facing a funding gap of £4 billion over the next two years.

Assuming that councils make the difficult choice to increase their council tax to the maximum before a referendum is needed in both 2023/24 and 2024/25.

What are the consequences?

Many councils now face the prospect of having to decide if they need to cut valued services that communities rely on, such as bin collections and street lighting, social care for adults and children, support for low-income households and preventing homelessness, along with increasing fees and charges for service users during a cost-of-living crisis.

The Government must address these acute financial challenges to protect the local services our communities rely on but also to reduce costs falling on other public services and support the delivery of key government agendas, such as housing, levelling up and climate change.

We need a long-term plan from Government

The scale of the pressures councils are facing cannot easily be met by reducing costs, making efficiencies or raising council tax.

Rather than cutting vital support to the most vulnerable in our communities, councils **urgently need adequate funding** to meet the demand for services.

Just as important, **councils need certainty** and **more clarity on financial reform** to plan their budgets.

The Government needs to come up with a long-term plan. Inflation is not going to come down overnight; reserves can only be spent once; a local service cannot be cut twice.

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