

# Spending Review 2021 – Central London Forward Priorities

[Central London Forward \(CLF\)](#) is a partnership of the 12 central London local authorities. We cover Camden, City of London, Hackney, Haringey Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth and Westminster. We work together with our member authorities and with other stakeholders to support inclusive and sustainable growth in central London; so that our economy thrives, and our residents benefit from the opportunities this creates.

## Central London and levelling up

CLF supports the aim of levelling up livelihoods and opportunities across the UK. As we emerge from the pandemic, the capital can play a vital role in supporting the national recovery.

**Central London can support levelling up.** Central London has a strong and dynamic economy which is inextricably linked to regional economies across the country; every £1 of consumption in the capital generates 24p of production elsewhere in the UK. This means that when the capital thrives, the rest of the UK benefits too. On the eve of the pandemic, London generated a surplus of £36bn for the Treasury, helping fund investment in public services and infrastructure across the UK. As the UK's leading global city, the capital will play a central role in building Global Britain, and in attracting visitors and investment.

**But central London needs levelling up too.** We also welcome the Prime Minister's recognition in his recent [speech](#) on levelling up of the "huge inequalities" that still exist in London. The capital had the highest levels of poverty of any region prior to the pandemic, and most local authorities in central London are in the most deprived 20% nationally. The pandemic has exacerbated these challenges, as the capital has seen more jobs lost and a bigger increase in unemployment than any region. If levelling up is about tackling stark inequalities and improving livelihoods, then this must happen in central London too.

We are committed to working in partnership with national government to deliver a strong, sustainable and inclusive recovery which benefits both central London and the wider UK. We believe that local government can be a vital part of the government's Levelling Up agenda. In order to build back better we identified the following priorities over three areas:

### 1. Place - Supporting Central London's Economic Recovery

London's economic dynamism and its role as a global city cannot be taken for granted. It relies on the capital remaining a place with a vibrant cultural and visitor economy in which people want to live and work and visit. Central London boroughs have a vital place-making role, and they need the powers, funding and freedoms to ensure London continues to thrive. Working with CLF, national government can:

- **Help keep London moving:** London government, TfL and national government should work to develop and agree a fair, sustainable and long-term transport funding package for TfL that maintains sufficient levels of public transport and safe operation.
- **Balance the business rates burden to support the revival of high streets:** Explore the introduction of a hybrid Online Sales Tax (OST) to reduce the burden on high street and town centre business, and support sustainable funding for local government.
- **Empower local authorities to use the planning system to support growth:** Ensure the planning system enables local authorities to support high street renewal, deliver the homes that we need, and create places people want to live in, work in and visit.

- **Support investment in infrastructure to drive sustainable growth:** Work with London government and other stakeholders to deliver the infrastructure we need to support growth, unlock housing delivery, and transition to net zero.
- **Support the transition to net zero:** Work with London government to develop large-scale insulation and retrofitting programmes for local authority-owned properties.

## 2. People – Helping Londoners into good work

Many Londoners struggle to access the opportunities available in their city. High-quality and integrated employment and skills support is crucial to fixing local labour market challenges, whether that be high youth unemployment, the skills gaps facing sectors such as hospitality, or the transition to a net zero economy. We want to work with national government to:

- **Deliver high quality employment and skills support locally:** Employment and skills support should be devolved to London government wherever possible. London government is keen to work with national government to create clear skills and employment pathways for sectors with current or anticipated skills gaps, especially in hospitality and the green economy.
- **Protect skills funding in London:** With the capital having faced the biggest economic impact from the pandemic, the Adult Education Budget and funding for wider skills provision should be protected in real terms.
- **Ensure a fair distribution and local control of the UK Shared Prosperity Fund (UKSPF):** As a minimum, London should receive as much funding in UKSPF as it received from the EU structural funds that it will replace. The UKSPF should be delegated to London government so that decisions on how it is used can be made locally in order to ensure it effectively addresses local needs.

## 3. Resources – Ensure fair and sustainable funding

Central London's local authorities have played a vital role – working alongside government - in supporting communities and businesses through the pandemic. However, they faced significant financial challenges before the pandemic due to reductions in grant funding and increases in demand, and the pressure has escalated as a result of the impact of COVID-19. We need to see fair and sustainable funding for local government in the capital:

- **Level-up local government funding with no council losing out in real terms:** Local authorities should receive a minimum funding guarantee of 5% per annum over the spending review period. Local authorities should receive a multi-year settlements from 2023/24 onwards to enable them to plan for the future.
- **Ensure a fair and sustainable local government finance settlement:** At a minimum, government must commit to protecting funding for local authorities, so that no council loses out in real terms as a result of the Fair Funding Review.
- **Recognise the financial pressures on urban local authorities:** Increase overall funding for homelessness services to meet the true costs of the Homelessness Reduction Act 2017 and account for rises in need. Increase the Flexible Homelessness Support Grant, explicitly recognising the higher costs of temporary accommodation in London. Provide funding for councils to cover the costs of people with No Recourse to Public Funds on whom London boroughs spend £50 million a year. Consider the role of deprivation, population density and housing and land costs in the Foundation Formula in the FFR.