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Dear

### Productivity in Local Government

As you are aware, I was written to on 16<sup>th</sup> April by the former Minister for Local Government, Simon Hoare and in that letter he asked us to submit a productivity plan by today's date. This is my response to that request.

I wanted to start with some London background coupled with relevant Brent specific information as I think it's important that you have the context.

London boroughs have had to become more productive and more efficient over the past 14 years since the period of austerity began and which has seen significant reductions to funding. We estimate that **since 2010-11, London boroughs' Core Spending Power has reduced by £2.2bn (20%) in real terms** from £11.1bn to £8.8bn in 2024-25.

Over the same period, **London's population has grown by 884,000 (11%)** – larger than the entire population of Leeds - with significant associated increases in demand for services. This means **Core Spending Power per capita is now 28% lower than it was in 2010-11**.

London boroughs have also taken on new duties and responsibilities without sufficient or sustained funding. Some examples include: the localisation of council tax support in 2013; the transfer of public health duties in 2013; duties resulting from the Homeless Reduction Act 2017; duties resulting from the 2014 Children & Families Act; changes to Youth Justice and Health policy that impact children's social care. In total, it is estimated that **new duties and responsibilities along with other new or underfunded burdens have added over £1bn of additional funding pressures**.

London boroughs have also had to reduce employee numbers significantly as a result of these funding reductions. **They now employ around 54,000 (29%) fewer Full Time Equivalent staff (FTE) than in 2010**.

In Brent this means:

- Our core spending power in real terms has reduced by £74.3m (18%) from £410.9m in 2010/11 to £336.6m in 2024/25, whilst our population has increased by 13% in that time. This is a 27% real terms reduction per head of the population of Brent.



- Our FTE headcount number has reduced by 2774 (52%) since 2010/11 to 2612 in 2023/24.

The letter of 16<sup>th</sup> April also asked for us to consider barriers that the Government can help to reduce or remove to enable a more sustainable financial and service delivery position in order to deliver the vital services that our residents desperately need. I set out some examples below:

### Funding

- **Multi-year settlements** – the uncertainty driven by one-year settlements is a huge barrier to becoming more productive and enabling boroughs to plan services strategically and take invest-to-save decisions. Three or four-year settlements would go a long way to solving this.
- **Reduce ringfencing** – remove ringfences and reporting requirements associated with grant funding to empower and trust councils to get on with delivering services.
- **Reduce the number of funding pots** – reduce the number of specific funding pots and arduous bidding processes, particularly in economic development and skills.
- **Ensure funding reflects need** – many councils are unable to put resources into driving further productivity gains because they are being overwhelmed by demand pressures due to structural underfunding and a system that no longer reflects local needs. The Government should review and update the funding formulae for all the major grants that councils receive from government.
- **Alignment of planning rounds** - so that Government departments work to the same timescales and deadlines.

### Housing

- Remove barriers **preventing councils from combining Right to Buy receipts with grant funding** to deliver affordable housing.
- **Remove the cap on the proportion of individual sites that can be funded through Right to Buy receipts.**
- **Make the increase in LHA rates from Autumn Statement 2023 a permanent measure.**
- **Remove the cap on LHA payable for Temporary Accommodation** in Housing Benefit subsidy (set at 90% of January 2011 LHA rates).
- Provide funding to **help councils buy accommodation sold by private landlords.**
- Deliver a **new HRA debt settlement** based on updated assumptions, as government policy changes have altered the existing 2012 agreement beyond recognition.

### Adult social care

- **Deliver the adult social care funding reforms** which are crucial to providing long-term financial certainty for the sector.
- **Baseline all existing ASC grants** and consolidate them into one fund.
- Implement the **Hewitt Review recommendation of 1% of ICB budgets towards prevention.**
- **Develop a combined workforce strategy for the health and social care workforce.**

### Children's services

- **Ensure the Social Care Grant reflects children's social care needs** (rather than only adult social care relative needs).
- Urgently **reform the children's social care market** to reduce profiteering.
- **Allow local authorities to open and run special schools** – this would reduce placement costs, help meet rising demand more quickly and ensure greater local oversight of places.

- **Introduce a mandatory register for all home educated children** – this would improve identification of children at risk of harm.
- **Extend the DSG statutory override to provide financial certainty for councils** – otherwise at least a quarter of councils risk running out of general fund reserves.
- Consider **writing-off accumulated DSG deficits**.

#### Regulation

- **Simplify the regulatory framework**, including developing a coordinating role for Oflog. One London borough had three regulators in within the same month. While hugely important, servicing multiple inspections limits capacity and hinders productivity.
- **Ensure regulators have the appropriate capacity** and understanding of councils and local places, including their financial context.

Turning now to the themes we were asked to consider in our responses, the most comprehensive information I can provide is two matters of direct relevance within the papers for our February 2024 Full Council meeting. Firstly the [Budget and Council Tax 2024/25 report](#) and secondly the [Auditor's Annual Report on the London Borough of Brent](#).

Both of these reports provide fulsome details of all the themes and questions we were asked to consider. Once you have read these, I and my colleagues will be very happy to discuss any further questions that you may have.

Yours sincerely



Kim Wright  
Chief Executive