

**Policy briefings on  
coronavirus and inequalities**

# **Local Government, Gender and Covid-19**

## Local government and gender

*A policy briefing from the UK Women's Budget Group*

### Key points:

- Women and girls rely disproportionately on services provided by local authorities because they still do the majority of unpaid child/care work and therefore rely on local services to support themselves and their families. Women also make up 78% of local government workers.
- Women – particularly BME and disabled women – have had their lives detrimentally harmed by funding cuts to local government since 2010 which amount to 49% cuts in budget in real terms.
- Central government funding for local authorities announced in February 2020 marked a slightly more generous settlement than those in recent years, albeit dependent on almost universal Council Tax increases and social care precepts. Increased central government investment is needed to reverse the damage done to local services over the past ten years.
- Many councils are still having to use reserves to compensate for cuts since 2010.
- Some are also borrowing to invest in commercial property which generates income for services. This is under threat as a result of Covid 19 and the ensuing recession
- Covid 19 poses a further threat to local government funding. Total Covid costs to councils at the start of July 2020 amounted to £7.4 billion –the equivalent of 13% of pre-crisis expenditure.
- Despite a Government promise to councils that they would be reimbursed for 'whatever it takes' to respond to the coronavirus, so far councils have only been promised £2.5 billion in extra funding and £3.7 billion in restored Council Tax and Business Rates – leaving a shortfall of £1.2 billion.
- Government should develop a sustainable, long term plan for funding local authorities at a level which enables them to meet their statutory duties and provide the local services which women and local communities rely on. Proposals to remove central government funding and replace this with local business rates will hit the poorest local authorities hardest.

### Introduction

This briefing is an update of our March 2020 briefing 'Local Government and Gender'. For more information about the impact of cuts to local government services on women see that

briefing and our report, *Triple Whammy: the impact of local government cuts on women*.<sup>1</sup>

### Why is local government important to women?

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<sup>1</sup> WBG (March 2020), Local Government and Gender (<https://bit.ly/2Rqfqi3>), WBG (2019), Triple whammy, the Impact of local government cuts on women, (<https://bit.ly/3mmy7S2>)

### **Services**

Local government is responsible for providing or funding many of the services crucial to the daily lives and wellbeing of women and those they care for – children, families and vulnerable adults. These include social care, schools, housing, domestic violence services, transport, youth and leisure services, public health, business support and planning and waste collection. Traditionally councils have also been a key source of funding for voluntary sector projects from which women benefit too.

Many of these services provide care to children and adults in need of support including disabled and elderly people. Women continue to do the majority of unpaid child/care work therefore these services are integral to redistributing unpaid care and ensuring women have equal opportunity to participate in the paid economy.

### **Employment**

Local government is also a source of women's paid employment. 78% of council employees are women. On average women are overrepresented in the public sector making up just over two-thirds of public sector employees in the UK. 34% of employed women work in the public sector, compared to 18.5% of men.

For full-time employees, the hourly pay gap in the public sector (12.7%) remains lower than in the private sector (14.7%). This is also true for the pay gap among all workers which is 19% in the public sector and 23.8% in the private sector.<sup>2</sup> Nonetheless, over 50% of local authority jobs are part time so the full-time figure does not necessarily convey the size of the actual public sector pay gap.

### **Statutory Duties**

Local government has over 1300 statutory duties placed upon it, including the duty to ensure that children are educated, the assessment of social care needs and care commissioning, the provision of a 'comprehensive and efficient' library service, the promotion of the welfare of children in need and the requirement to ensure sufficient childcare for working parents or those in education or training. A new statutory duty to assess the need and commission for support for victims of domestic violence and their children will commence in April 2021.

Other duties include waste collection, monitoring of air quality, maintenance of roads and bridges and reimbursement of travel operators for travel concessions. Councils must also provide 'sufficient sanitary conveniences', ensure safe food and provide facilities for disabled people in their homes.

### **How is local government organised?**

There are 343 councils in England. 192 of them are district councils, with responsibility for waste collection, housing, planning and Council Tax collection. The rest are 'upper tier' authorities – shire county councils, containing shire districts – and 'single tier' London boroughs, metropolitan districts and unitary authorities, which are responsible for social care and education, alongside all other local services. There are around, 17,700 elected councillors – only 36% of whom are women.<sup>3</sup>

### **How is local government funded?**

There are three main sources of local government funding in England:

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<sup>2</sup> WBG (2018) Employment and earnings (<https://bit.ly/3kpZ13f>)

<sup>3</sup> Local Government Association (2018) National census of local authority councillors 2018 (<https://bit.ly/2Rsd96j>)

- 1) Grants from central government, including the Rate Support Grant (RSG)
- 2) Council Tax: A council tax is a direct taxation paid by residents and set by each individual authority. Authorities are able to retain all of the funding raised from council tax in their area to support their budget.
- 3) Business rates: Business rates are set by central government, which sets the multiplier. Currently local government collectively retains half of the income from business rates, the other half is paid by councils to central government, which uses the income to fund grants to local authorities.

The proportions of Business Rate and Council Tax income vary significantly between local authorities, depending on the local Council Tax base, demography and the services provided. In poorer areas and in those where the local economy is weak, income from Council Tax and Business Rates is lower than in richer areas. However, demands for services such as social care and housing are often higher in poorer areas which generate less income from local taxation.

Some local government funding is **controllable**, that is, authorities have some say over how the funding is used locally. Some other income streams are **non-controllable** and are passed through local authorities to other bodies and individuals such as schools, police and benefits claimants<sup>4</sup>.

The Government is planning to end central funding of local government from general

taxation through the RSG in 2021 when councils will become dependent on Council Tax, Business Rates, New Homes Bonus income and one-off grants. The proportion of revenue expenditure derived from central Government funding fell from 67% in 2013-14 to 49% in 2019-20, while the proportion of income from Business Rates and Council Tax rose from 35% to 49%.<sup>5</sup>

Councils also raise funds from trading and investment and sales, fees and charges and may receive other income in from transfers and payments from other public bodies including other local authorities. Local authorities also may build up reserves to balance their budgets by providing a resource to cushion the impact of unexpected events or emergencies<sup>6</sup>. Since 2010 councils have had to draw on unallocated reserves to maintain services, using over £1.75 billion in 2018-19.<sup>7</sup>

In recent years local authorities have also increasingly been forced to borrow to invest in commercial property and land to generate compensatory income for local services. Real terms investment quadrupled from £0.9 billion in 2010-11 to £3.7 billion in 2017-18.<sup>8</sup> By 2020, total investment was £7.6 billion. Councils estimate that £624 million of income from these investments will be hit by the economic downturn caused by Covid 19.<sup>9</sup>

### Local Government pre-Covid-19

Since 2010 local authorities have faced cuts to their budgets, having also faced budget reductions through 'efficiency reviews', the Best Value regime and other cuts measures under previous administrations.<sup>10</sup> Cuts have

<sup>4</sup> National Audit Office (2018) Local authorities (<https://bit.ly/32wZAbW>)

<sup>5</sup> MHCLG (2019) Local Authority Revenue Expenditure and Financing: 2019-20 Budget, England (<https://bit.ly/32yFaPC>)

<sup>6</sup> National Audit Office (2018) Local authorities (<https://bit.ly/32wZAbW>)

<sup>7</sup> MHCLG (2019) Local Authority Revenue Expenditure and Financing: 2019-20 Budget, England (<https://bit.ly/32yFaPC>)

<sup>8</sup> Ibid

<sup>9</sup> The Guardian (2020) English councils poised to make cuts amid loss of commercial income (<https://bit.ly/33vmZJZ>)

<sup>10</sup> LGIU Local Government Information Unit (2008) Back to Front: efficiency of back office functions (<https://bit.ly/2BZbiOR>)

also impacted on important voluntary sector projects funded by local government.

In the period 2010/11-2017/18 central government funding for English councils fell by over 49%. Once local income from Council Tax and Business Rates was factored in, this amounted to 28.6% real terms drop in spending power<sup>11</sup>.

In the period 2017/18-2018/19 alone Rate Support Grant (RSG) from central government declined by 65% as councils were forced into reliance on retained Business Rates, increased Council Tax, increased charges for services and commercial investments<sup>12</sup>. In 2019-20 councils had 23% - £300 – less to spend per resident than ten years previously. The most deprived councils had suffered 31% funding cuts, compared to 16% in the least deprived councils over the same period.<sup>13</sup> According to the LGA, local services face a funding gap of £7.8 billion by 2025.<sup>14</sup>

In 2019, a survey of English councils found that 80% were not confident in the sustainability of local government finance and 97% planned maximum increases in Council Tax permitted without a local ballot and 53% planned to use reserves.<sup>15</sup>

In 2020 the new Government committed to 'levelling up' regional disparities, yet the future of local government funding which already looked uncertain and precarious, is now also facing a more serious crisis from the impact of Covid 19 and loss of Brexit funding.

The Local Government Finance Settlement for 2020-21 was published on 6 February 2020 – before the impact of Covid19 was apparent. It

resulted in a 0.2% cash increase after inflation for 85% of councils – the first increase since 2011-12. Despite this, the median funding level was still a third lower than 2015-16, with just 75 of 343 councils seeing an increase in actual spending power. The apparent growth in funding is dependent on Council Tax increases, a 2% social care precept and one-off grants for social care and 'winter pressures'.

The LGA pointed out that £15 billion had been taken from core funding since 2010 and that no account had been taken of the increased cost of the new National Living Wage – amounting to £220 million for social care workers alone. It further commented that use of precepts to raise social care revenue would generate uneven amounts across councils and represent a shift in the burden of social care funding to households, rather than general taxation.<sup>16</sup>

No announcement was made in the 2020-21 local government funding settlement about public health funding or the Fair Funding review, due to take effect from 1 April 2021, when the Government intends to remove RSG completely and make councils rely primarily on Business Rates and Council Tax. This short-term approach to local government funding is not sustainable. The move to using business rates rather than central funding to supplement council tax receipts will make the funding system no longer redistributive between local authorities in the richest and poorest areas. It will also mean that vital local services and local council employment will no longer be funded from general taxation at all, as are the NHS and central government.

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<sup>11</sup> WBG (2018) Triple Whammy: the impact of local government cuts on women (<https://bit.ly/33uSbJB>)

<sup>12</sup> MHCLG (2019) Local Government Financial Statistics England No.29 2019 (<https://bit.ly/33W1Oj2>); (MHCLG (2019) Local Authority Revenue Expenditure and Financing: 2018-19 Provisional Outturn, England (<https://bit.ly/33SKtr8>))

<sup>13</sup> IFS (2019) English local government funding: trends and challenges in 2019 and beyond (<https://bit.ly/3hCQ8I9>)

<sup>14</sup> LGA (2019) Local Government Funding – Moving the Conversation On (<https://bit.ly/32ykLKG>)

<sup>15</sup> LGIU (2019) State of Local Government Finance Survey 2019 (<https://bit.ly/3hC6ZuO>)

<sup>16</sup> LGA (2020) Motion relating to Local Government Finance Report (<https://bit.ly/32xcWov>)

## Outsourcing

In addition to cuts, local government has also been the focus of central government policies requiring widespread commissioning and outsourcing of services<sup>17</sup>.

Almost 14% of GDP – £251.5 billion per year – was spent overall on UK public procurement in 2017 and local authorities account for a large proportion of outsourced public services by value across all sectors.<sup>18</sup> Procurement of services and goods accounted for 47% of local government expenditure in 2018-18 and rose by 7% in value between 2010-11 and 2017-18.<sup>19</sup>

For example, 79% of social care jobs have been outsourced<sup>20</sup> – largely to the private sector – while other forms of privatisation such as PFI, shared services and Public-Private Partnerships have resulted in large swathes of local authority workers finding themselves transferred involuntarily out of council employment. Academisation of schools has continued the outsourcing trend.

## The impact of coronavirus

Covid 19 has placed disproportionate care and domestic demands on women and raised levels of domestic violence, reinforcing their need for reliable local government services – especially social care, housing, domestic violence services and childcare.<sup>21</sup> At the same time, there is a growing threat to local government funding and services due to lost income and high Covid-related expenditure. Combined with restricted services due to lockdown measures, these are posing new constraints on women's access to support for

themselves and their families – as well as local jobs.

Covid has placed considerable additional demands on local authorities and their budgets as they have provided additional social care, personal protective equipment for care and council employees, housing for the homeless and women facing domestic violence and emergency food and support for those facing income loss and enhanced poverty. At the same time, they have faced a massive loss of income from Council Tax, Business Rates, fees and charges. An additional £1.2 billion was spent on adult social care alone between March and July 2020, while at the same time over £3 billion was lost in Council Tax, Business Rates and sales, fees and charges.

According to the Chartered Institute of Public Finance and Accountancy (CIPFA)<sup>22</sup> total Covid costs to councils at the start of July 2020 amounted to £7.4 billion – the equivalent of 13% of pre-crisis expenditure. Despite a Government promise to councils that they would be reimbursed for 'whatever it takes' to respond to the coronavirus, so far councils have only been promised £2.5 billion in extra funding and £3.7 billion in restored Council Tax and Business Rates – leaving a shortfall of £1.2 billion. Losses related to income derived from council-owned businesses will not be compensated for at all, adding considerably to councils increased financial deficits. According to Moody's Investor Services<sup>23</sup>, local councils in the UK will be the hardest hit amongst those in the five largest EU economies.

<sup>17</sup> Starting with the Conservatives' Local Government and Planning Act 1980 and Compulsory Competitive Tendering

<sup>18</sup> House of Commons Public Administration and Constitutional Affairs Committee (2018) *After Carillion: Public sector outsourcing and contracting* (<https://bit.ly/2KIB7cw>)

<sup>19</sup> Institute for Government (2018) *Government procurement: the scale and nature of contracting in the UK* (<https://bit.ly/2E2BaO2>)

<sup>20</sup> Skills for Care (2020) *The State of the Adult Social Care Workforce in England 2020* (<https://bit.ly/3kwRpTI>)

<sup>21</sup> The Guardian (2020) *Covid-19 crisis could set women back decades, experts fear*: (<https://bit.ly/2Fwz6yz>)

<sup>22</sup> The Guardian (2020) *English councils warn £500m Covid-19 cash injection will not stop cuts* (<https://bit.ly/3iBFMTx>)

<sup>23</sup> Local Gov (2020) *UK council finances 'hardest hit in Europe, claims Moody's* (<https://bit.ly/35Abi7H>)

## The impact of Brexit

The UK is due to finally leave the EU on 31 December 2020. Local authorities and UK Regions have received significant investment from EU Structural Funds to support business development and employment-related projects, totalling £5.3 billion<sup>24</sup>. Added to this is indirect EU funding in education, culture, policing and other areas of public life which supports UK communities and individual citizens.

The 2020 Conservative Manifesto pledged to establish a 'United Kingdom Shared Prosperity Fund' (UKSPF) to replace the EU Structural Funds. To date, there has been no consultation on the UKSPF, although the Government made a commitment in the March 2020 Budget to set out further plans in the next Spending Review. Unless local authorities are given certainty over availability of replacement funding, the impact of lost EU funding on local economies and skill development will be very damaging and councils will be placed under even further financial pressure.

## Changes to public health

Many public health functions and jobs were transferred from the NHS to local authorities in 2012. Since then funding has been continuously reduced and in the wake of Covid, the government has announced the end of Public Health England. It is unclear what impact this will have on local government's public health functions – or the services currently provided, many of which

are preventative and targeted at children and young people.

## The impact on women

Women, particularly Black, Asian and Minority Ethnic (BAME\*) and disabled women have been disproportionately impacted by cuts to local government services and jobs because of their reliance on councils to provide social care and childcare, other services which support children and families and for paid employment<sup>25</sup>.

This disproportionate impact is in part explained by the failure of central and local government to properly assess the impact of cuts: in 2018 only 43 councils has conducted meaningful Equality Impact Assessments on them<sup>26</sup> and the DHCLG's Equality Statement on the 2020-21 Finance Settlement said that it "had not identified any evidence that (it would) have a 'substantial' equalities impact".<sup>27</sup> These assessments should be the main way of ensuring that public bodies adhere to the Public Sector Equality Duty which requires them to have 'due regard' for the equality of people with 'protected characteristics' (age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity).

Drastic reductions in funding, coupled with the impact of Covid, have already had – and will increasingly have – a severe impact on councils' ability to provide services and support to women and children and vulnerable people.<sup>28</sup> They also have a negative impact on the ability of other public

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<sup>24</sup> LGA (2019) £5.3bn EU cash countdown: regional aid funding to run out in 18 months (<https://bit.ly/32xGVgg>)

\* WBG uses the term BAME whilst simultaneously acknowledging its shortcomings. WBG consistently calls for data to be disaggregated by sex/gender and specific race/ethnicity groups as well as other indices of disadvantage including disability.

<sup>25</sup> For more information see WBG (2019), Triple whammy, the Impact of local government cuts on women, (<https://bit.ly/3mmy7S2>); WBG

and The Runnymede Trust (2018) *Intersecting Inequalities* (<https://bit.ly/2PFrb1N>)

<sup>26</sup> UNISON (2014) *Counting the cost: How cuts are shrinking women's lives* (<https://bit.ly/2T3CVkh>)

<sup>27</sup> DHCLG (2020) *Equality Statement*

The 2020-21 Final Local Government Finance Settlement (<https://bit.ly/2RuCUmo>)

<sup>28</sup> National Audit Office (March 2018) *Financial Sustainability of Local Authorities 2018* (<https://bit.ly/2oQ6wwl>)

services and the voluntary sector to function effectively. They are undermining prevention and leading to more crisis interventions by the NHS and other public services, particularly in poorer areas. These are often costlier and less effective in the long term.<sup>29</sup>

Cuts also led to almost 1 million redundancies in councils across the UK between 2010 and 2019, while employment in central government and the NHS rose<sup>30</sup>. There have also been severe cuts to pay and conditions for local government and school workforces in England since 2010 compared to other public sector groups, including a real-terms decline of 20% in pay and cuts to core conditions in 90% of councils.<sup>31</sup>

The impact of Covid on women's lives – especially BAME women - has been dramatic and has exacerbated the effect of cuts since 2010<sup>32</sup>. Women – who are also the vast majority of front-line workers tackling Covid - have found themselves more likely to face redundancy and furloughing than men and bearing the brunt of domestic labour, childcare, home schooling and poverty. Pregnancy discrimination has been rife and domestic violence has escalated.<sup>33 34</sup> Councils will need continuing, increased funding to respond effectively.

### **The future of local government funding**

It was welcome relief for local authorities to receive a very small increase in funding in the 2020 settlement, but funding levels remain way below their 2010 levels and increased funding levels reflect provision for council tax hikes and social care precepts, rather than central government support. In addition, the Government has not yet revealed its plans for

the future basis of local government funding through its Fair Funding Review and whether councils will in future be largely reliant on council taxes, business rates and income from sales, fees, charges and investments. This would result in continued cuts to services and jobs, unevenly distributed across the country but overwhelmingly impacting women.

We call on the government to recognise the severe and gendered impacts of cuts to local authority funding since 2010 and undertake meaningful Equality Impact Assessments on any plans for local government funding. As a consequence, we also call for plans to remove central government funding from local authorities to be scrapped. Councils too should carry out EIA's and highlight the impact of cuts on different groups of women. Dramatic reinvestment, not further reduction, is needed to stop these detrimental impacts on the lives of all women and girls, especially BAME and disabled women.

### **Recommendations**

- Local government funding needs to be urgently restored to a level which enables councils to meet their statutory obligations and also provide the preventive, non-statutory services which are vital to the wellbeing of women, children and those in need of care
- Equality impact assessments of local government funding levels and proposed cuts should be carried out by central Government *and* local authorities
- Adequate funding should come from general taxation/central government, at

<sup>29</sup> The IFS (2019) The health effects of Sure Start <https://bit.ly/2HpqpHg>

<sup>30</sup> ONS (2019) Public sector employment UK (<https://bit.ly/3bYkHaj>)

<sup>31</sup> UNISON (2019) 2020-21 NJC pay claim for local government workers: (<https://bit.ly/3hwdoaT>)

<sup>32</sup> WBG et al (2020) BAME women and Covid-19 – Research evidence (<https://bit.ly/3hvUd12>)

<sup>33</sup> Maternity Action (2020) COVID19: new and expectant mothers in the front line (<https://bit.ly/3bZWdgn>)

<sup>34</sup> Women's Aid (2020) A Perfect Storm (<https://bit.ly/3c3k6nu>)

least at the same level as for other public services

- The Fair Funding Review should look at the overall resources provided and available to councils, not simply re-distribution of the current 'pot'
- The distribution of central Government funding should ensure that the most deprived council areas are properly funded to reflect the greater reliance of poorer people and women on local services. Deprivation levels should be included in any future local authority funding formula
- The shift to dependence on Business Rates and Council Tax should be reviewed, while giving councils greater autonomy and powers to generate income
- Funding to meet all current social care needs should be made available from general taxation, on the same basis as the NHS
- Cuts to funding of voluntary sector women's services must be reversed at a minimum as part of a review of sustainable funding for the sector to support and protect women survivors/victims of sexual and domestic abuse
- Decent pay and conditions for local government workers, commensurate with other public sector groups, should be ensured through adequate funding to councils and an end to privatisation as a means of cutting women's incomes.

#### **UK Women's Budget Group, November 2020**

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