

IN THE MATTER OF

MODULE 9 OF
THE COVID – 19 INQUIRY

--

ECONOMIC INTERVENTIONS

--

OPENING STATEMENT FOR
THE LOCAL GOVERNMENT ASSOCIATION

--

Introduction

As you already know from other Modules, I represent the interests of the Local Government Association and the Welsh Local Government Association in this Inquiry. The two Associations work very closely together and welcome the opportunity to contribute as Core Participants in this Module as in others. Together they represent the collected voice of local government, with 100% of the Welsh, and over 99% of the English, principal local authorities.

The importance of early preparation for good economic interventions

The Inquiry has already received extensive evidence about the timing and reach of lock downs and other such measures all of which at least severely hindered economic activity or at worst brought it to a halt.

Without such interventions the nation's economy would have been utterly crippled by the combined effects of the virus and the measures taken to delay and halt its spread.

So, the LGA welcomes the Inquiry's focus on the policies for, and delivery of, economic support for the nation during the pandemic, looking at what went well and what could have been done better.

These are all issues on which the experience of local government is of the first importance.

The role of councils

Councils, being at the heart of their communities, were an essential partner in this endeavour. Their responsibility for the delivery of economic intervention was huge. However, they had only the most meagre resources of their own.

The pandemic of course accentuated this issue. Thus major sources of income from

- Sales, fees and charges
- Commercial and domestic rents
- Local tax revenues

all diminished.

At the same time councils faced problems from

- Increased costs of delivering and maintaining existing services,
- Increased demand for services,
- Significant costs in delivering Covid-19 responses,
- Increased housing costs,
and
- The fact that expected savings could not always be delivered.

So, their capacity to provide economic support from their own reserves was very limited.

The approach taken

First, it should be noted that the previously used Bellwin scheme for emergencies was not appropriate and not used for this context.

The statement of Ms. Killian, the LGA's Chief Executive, explains what happened and how councils' role in the provision of economic support involved continuing to deliver their core functions of supporting local communities and economies, while also delivering new central government programmes and funds for businesses and communities.

Both roles required councils to remain financially sustainable in this period, which was itself a significant task involving substantial effort from both central and local government.

The detail of these supports is in her witness statement, and will not be summarised here, but there are some important generic points that should be mentioned at this stage.

1. Effectiveness

Overall, the Government was successful in maintaining the financial sustainability of the sector in the context of unprecedented financial pressures. This outcome was

underpinned by the incredibly hard work of council members and officers, but the additional financial support provided by Government was essential in supporting councils at this time.

Councils brought their local knowledge, flexibility, resilience and responsiveness as they have done in all aspects of their response to the pandemic.

They set about the task of distributing funds swiftly and quickly, yet they could only work with the funding decisions taken centrally and often without the best consultation and co-design which would have enhanced effectiveness and efficiency.

Though interventions were not always optimal. Funding was often incremental, sometimes lacked clarity, and was not always aligned with local needs. This too is explained in Ms. Killian's witness statement.

She notes that had there been earlier consultation on business support grants with central government, councils could have improved the implementation of new processes by bringing attention to issues with -

- workforce and IT resources,
and
- delivery timeframes.

Also, guidance was frequently delayed and revised for these grants leading to implementation challenges. Councils also lacked sufficient data on some businesses, impacting targeting. Fraud and error risks were significant in early schemes due to pressure for rapid delivery.

2. Messaging

It is obvious that without good messaging about economic interventions their utility in a time of crisis will always be less.

While there was strong engagement by the Government with the sector and the LGA, there were elements of Government's engagement with, and messaging to, councils that could have been stronger.

Ms. Killian's statement provides some significant reflections on this as to how it could be improved, which we commend to the Inquiry

3. Lessons Learned

Ms. Killian's statement provides extensive detailed evidence in response to the questions put by the Inquiry. It refers extensively to the survey of English and Welsh councils that the LGA conducted at the request of the Inquiry into Module 9 matters. Her statement also refers to various studies and reports concerning the impact of the pandemic on issues such as rough sleeping and also culture leisure and sport .

Key lessons include the importance of multi-agency collaboration, flexible funding, and local discretion. Sector-specific insights were gathered for housing, culture, leisure, and public health.

Turning to recommendations

Should there be another pandemic of similar seriousness there is much that could be done better to support the economy with less cost and greater efficiency and effectiveness.

In summary there are 8 recommendations which the LGA considers to be key if this Module – each is more fully explained in Ms. Killian’s statement – these are:

- Improve financial resilience of councils through funding reform.
- Provide multi-year settlements for financial certainty.
- Enhance understanding of council finances across government departments.
- Review the use of capitalisations as a financial safety net.
- Include local government finance in future pandemic planning.
- Design simpler, fewer, and more flexible support schemes.
- Ensure early and consistent communication and guidance.
- Co-design schemes with local government to improve targeting and delivery.

Conclusion

As it has done throughout the Inquiry the LGA stands ready to provide such further assistance as it may need.

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