SIGNALS OF THE FUTURE

Future drivers and provocations for the Local Government Association

Ipsos Trends & Foresight

June 2022

Introduction – future drivers for local government

Ipsos was commissioned by the Local Government Association to conduct a horizon scan and driver analysis of key issues in UK society, to provide insights into what the leading drivers of change are in the country today and how these might play out over the coming five years.

The aim was to **provide some thought starters about the issues local government leaders might find in their inboxes by the year 2027**.

To investigate this question Ipsos used a “PESTLE plus” analysis framework which informed an evidence review spanning demographic and statistical data, published survey and qualitative research and opinion and journalistic sources.

This report summarises the key drivers discovered in the analysis. It outlines thirteen drivers, nested within four themes. Each theme leads with some “provocations”, which provide examples of what these drivers might mean for local council leaders on the ground by 2027. The drivers behind these provocations are then introduced and explored in detail report, highlighting their core narrative and supporting data.

The aim of the provocations and drivers in this report is to give local leaders the space to consider potential solutions for tomorrow’s challenges, today. Councils and the LGA already have work and reports on the key pressures and delivery issues facing local authorities today, such as funding, social care, schooling and the cost of living. By offering some signals of how the future might look in five years’ time, this report will allow leaders to consider the steps they can take to mitigate threats from possible futures – and to take positive action to capitalise on opportunities and create policies that help them move towards a future that is preferable.

Our methodology

The aim of this project is to provide an understanding of what are likely to be key drivers of change operating in UK society over the next five years, how these might impact local government, and reflect on what these might mean for local authorities.

The project progressed through four key stages :

1. **A rapid evidence review** was used to draw together data and insights relevant to the project. The key terms and parameters were agreed in a series of workshops with the LGA. A longlist of 95 sources was collated and 46 were prioritised for in-depth analysis.
2. **Driver analysis using a PESTLE Plus framework** was used to combine the insights into draft drivers of change. The Ipsos team workshopped the drivers internally, producing thirteen drivers in four themes
3. **Presentations of the provocations and drivers** to LGA stakeholders were used to present, test and validate the findings from the analysis, with further research and refinement following each session.
4. **Production of this report and a presentation at the 2022 LGA Conference,** using the provocations and drivers to stimulate debate to get leaders thinking about the future.

Executive summary

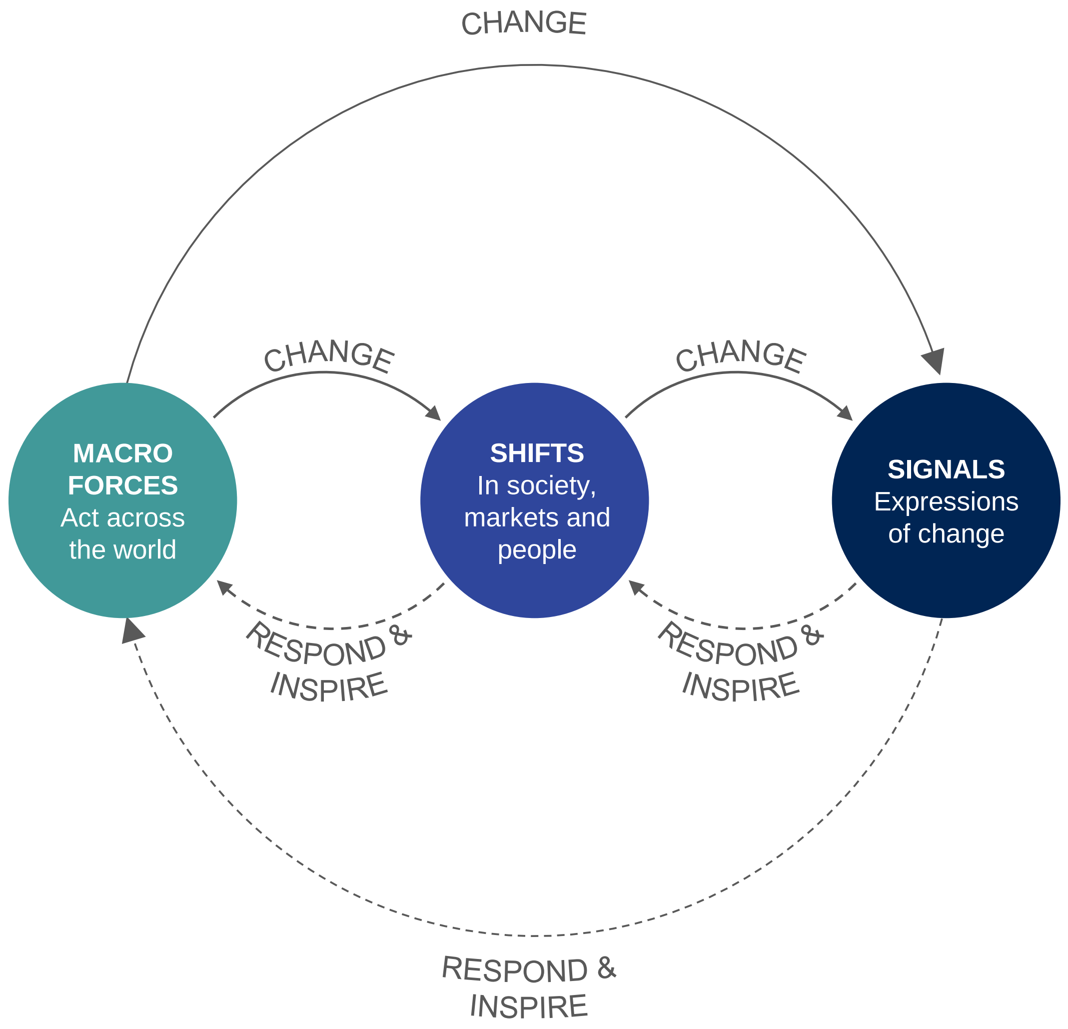
Our analysis uncovered thirteen drivers of uncertainty – key questions that will shape the future issues faced by local government.

These are summarised here in four groups derived from the Levelling Up White Paper.

This report details the drivers which lie behind the provocations for 2027 in this document.

Boosting productivity, pay, jobs and living standards	How can councils **attract, train and retain skilled staff** to take advantage of new technology in a hyper-competitive labour market?
	How do councils prepare for **next generation of more diverse young people** and support future business leaders?
	How can councils bridge the **narrowing yet deepening** digital and physical divide?
Spreading opportunity and improving public services	What balance do councils strike in **balancing digital innovation with avoiding leaving behind** less connected citizens?
	How can councils tackle **the challenge of further ageing**, especially for urban areas used to younger populations?
	As providers of recreation and leisure facilities, what might change about councils' roles in providing **broader mental health support**?
	What steps should councils take to **encourage mobility** in a population that is travelling less than it used to?
Restoring a sense of community & local pride	What types of support do local entrepreneurs and businesses need to thrive **in a high street where footfall might never return** to pre-Covid levels?
	How can councils **leverage digital tools and use data analytics** to provide support to physical locations and businesses?
	What innovations might councils use **to harness the power of local communities** to support a growing older population in need of social care?
Empowering local leaders	What role could **local councils play in the green energy transition** as the footprint of renewable power generation and storage expands?
	How will Councils navigate emerging tensions between **the central government's priorities for levelling up** and what the public want?
	What **new restrictions** might councils face, around issues such as nutrient neutrality, biodiversity net gain and drones legislation?

How do you understand change?



In building drivers and searching for evidence of what is changing in society, we use our theory of social change.

This sees changes being driven from three broad levels:

MACRO FORCES

- The “known knowns”, visible from space – demographic and planetary drivers like ageing and climate change

SOCIAL SHIFTS

- Medium term changes in the public’s opinions, attitudes and values – often recorded in polling and research

SIGNALS

- Short term responses to our world, localised and individual – such as new policies, fashions or trends

These levels of change influence our thinking and ensure a diversity of evidence is considered when assessing how drivers have changed.

The economic backdrop

The cost of living crisis has grabbed a great deal of public attention during 2022 as inflation and interest rates rise sharply.

How does this fit into longer-term trends? This section explores how public attitudes to tax and spending have evolved over time, as well as the level of public support for funding different local government services.

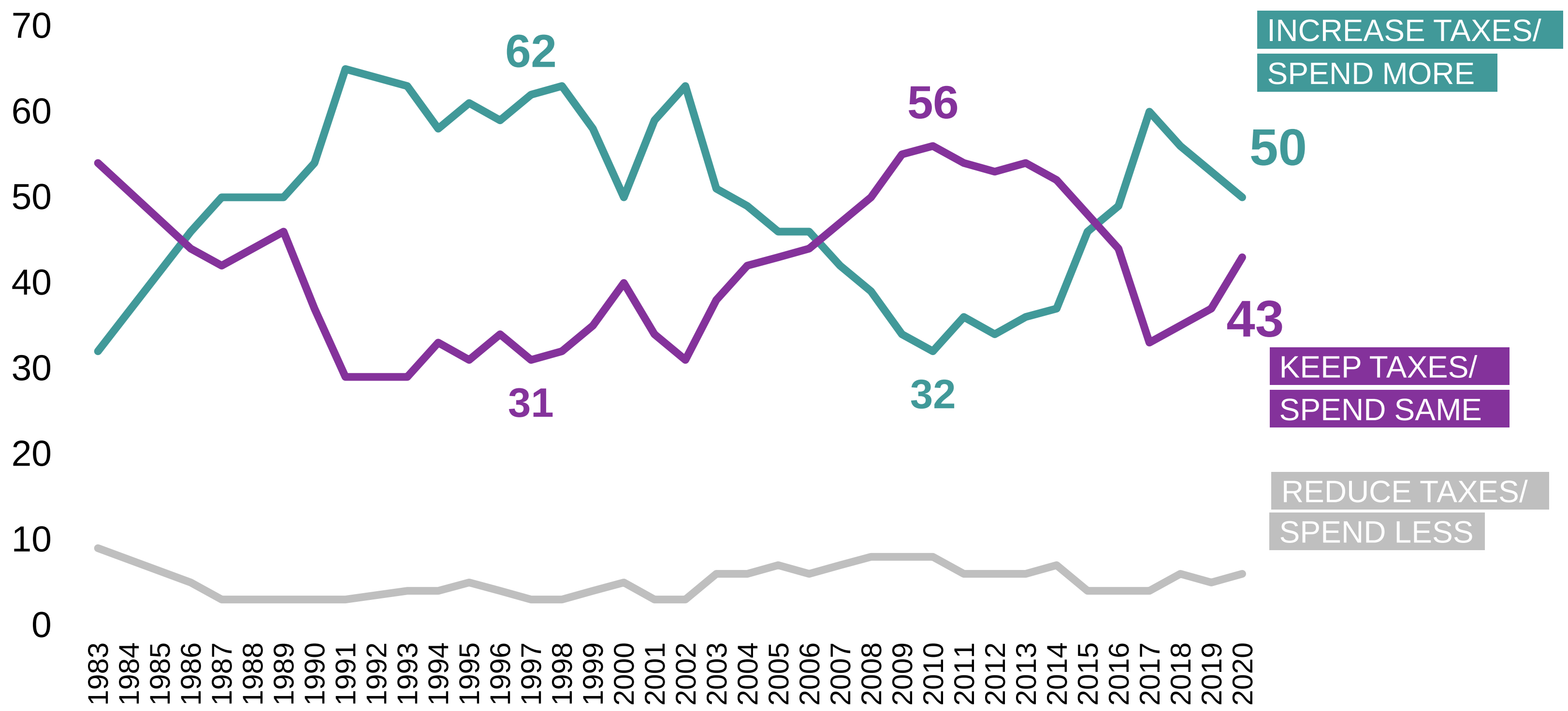
Have we passed peak 'big state'?

Suppose the government had to choose between the three options on this card. Which do you think it should choose?

Data from the long-running British Social Attitudes Survey shows public attitudes to taxation and spending moves in waves: over time, the popularity of increased tax and spend waxes and wanes.

After a recent low for increased taxation and spending in 2010, the proportion in support doubled to 2017, by which point when six in ten supported a bigger state. Since then support has weakened and it dipped further during the early phases of the pandemic.

This data suggests that **the British public may have already reached the peak of their support for a state that taxes and spends more on public services**. Inflationary pressures in 2022 may also accelerate this shift further, making the public less supportive still of moves by local and central government to increase taxation.



Full question wording: Suppose the government had to choose between the three options on this card. Which do you think it should choose? Reduce taxes and spend less on health, education and social benefits / keep taxes and spending on these services at the same level as now/increase taxes and spend more on health, education and social benefits

Already there are split views on post pandemic spending

The public are near-evenly split on whether the country should tax and spend more, less, or the same amount as it did pre-pandemic.

After record spending during the pandemic, followed by rising inflation, this is likely to become a key debate over the coming few years, for both national and local governments.

Thinking to the future after the coronavirus crisis has eased, and how it compares with the period before the coronavirus started, ***what do you think should be UK government policy for the balance between public spending and the levels of taxation and public borrowing?***

28%

Britain **should aim for higher levels** of public spending after the coronavirus than before the crisis, even if that means higher levels of tax and/or higher public borrowing

30%

Britain **should aim for the same level** of public spending after the coronavirus as it had before

24%

Britain **should aim for lower taxes** and/or lower public borrowing after the coronavirus than before the crisis, even if that means lower levels of public spending

Deloitte State of the State 2021
Base: 5,792 Online UK adults 16-75, 9-14th September 2021.

Ipsos

The public puts varied emphasis on local government services

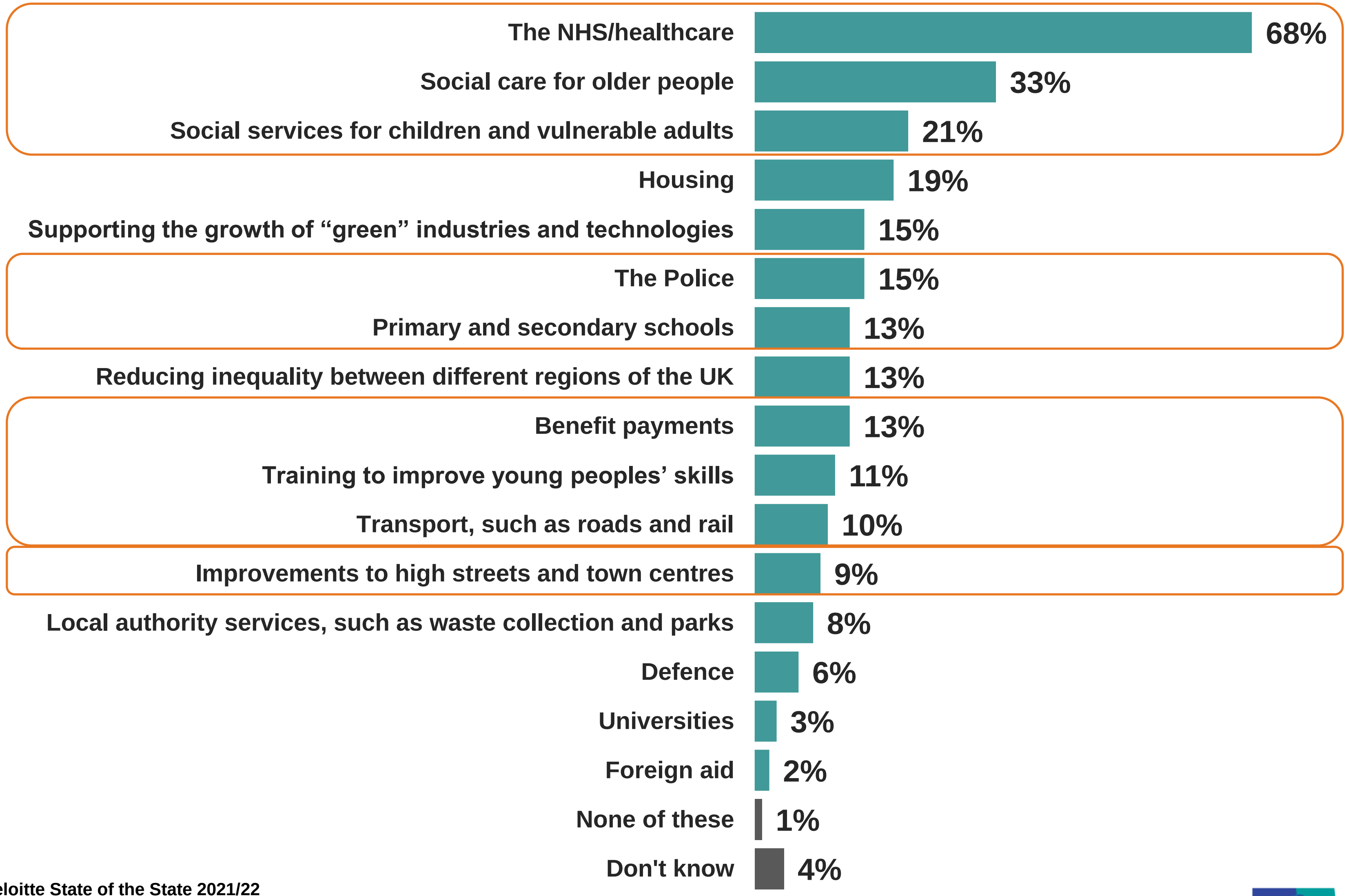
When it comes to the public's post-pandemic funding priorities, local government doesn't get top billing.

The most recent Deloitte State of the State survey shows the NHS tops the list. By contrast, local government responsibilities are found across the distribution.

This is an important finding for local councils, who provide a range of services of differing priority to the public.

Thinking about as the UK recovers from the COVID-19 pandemic, which two or three, if any, of the following areas do you think should be prioritised to receive public spending?

Priorities across the whole UK



Deloitte State of the State 2021/22
Base: 5,792 Online UK adults 16-75, 9-14th September 2021.

Creating drivers of uncertainty for local government

What is a key driver?

One output of this project is a set of “key drivers”.

A key driver is a way of presenting a an important uncertainty or unanswered question that exists in society. The different answers to these uncertainties point to alternative ways that society might develop.

For example, the “local power” driver is built around data that suggests a fully renewable power grid will require a lot more space than is currently allotted to electricity generation. As local authorities can be significant landowners and act as arbiters of how space is used, a number of tensions can be expected as they trade off more land for power generation against other uses.

Our driver framework

Four categories in the Levelling Up White Paper

The framework for the drivers and provocations borrows from the Levelling Up White Paper.

The 12 missions are organised under four broader themes. These themes also provide a useful framework to structure the provocations and drivers contained within the report.

Boost **productivity, pay, jobs and living standards**, especially in those places where they are lagging

Spread opportunities and **improve public services** in those places where they are weakest

Restore a **sense of community**, local pride and belonging, especially in those places where they have been lost

Empower local leaders and communities, especially in those places lacking agency

Thirteen drivers in the four categories

Our driver analysis produced thirteen key drivers, or questions for local authorities to consider by 2027. They are listed under the four categories below. In the subsequent slides we introduce each driver in a greater detail before providing some provocations that give a descriptive overview of the sorts of issues these uncertainties might throw up.

Productivity, pay, jobs and living standards	Access to opportunity and public services	Community, local pride and belonging	Empowering local leaders and communities
• Council capabilities • Raising tomorrow's generation • Matching physical and digital divides	• Customer service • Urban ageing • Loneliness and mental health • Supporting mobility	• Reinventing local places • Uniting digital and physical spaces • Supporting communities through social care	• Local power • What residents will want • Future regulatory constraints

Productivity, pay, jobs and living standards
Drivers in detail

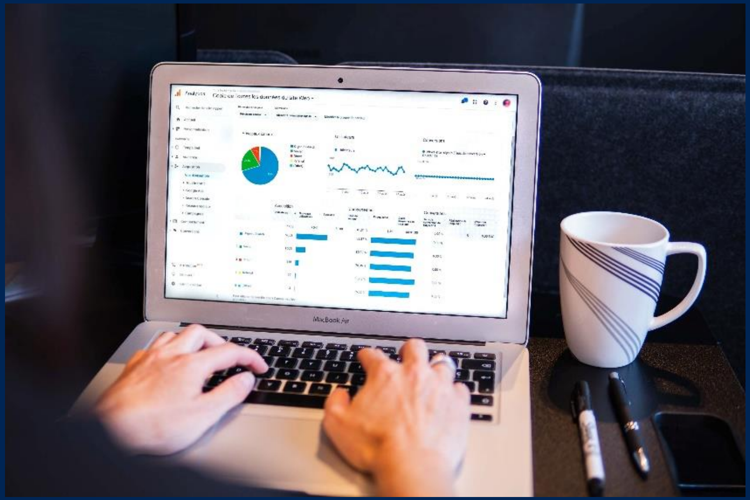
Council capabilities: In a very tight labour market how do councils retain and upskill their staff, while competing with other sectors to recruit the tech-savvy workers needed to make councils more data-responsive?

Tomorrow's generation: Future generations will look very different to current ones; already a third of school-age children are non-White British. Councils are among the first bodies to deal with this cohort: how can they understand the support this generation will need in education and as they enter adulthood?

Matching physical and digital divides: The convergence of the digital and physical means inequalities in each area reinforce each other. What strategies might councils need to tackle these systemic issues?

Provocations to start a debate…

What issues and challenges might council leaders be facing in 2027?



A wider range of needs and opportunities

How might local authorities adjust their support for businesses and social enterprises led by – and catering to – this more diverse cohort?

Universal broadband?

Might internet connectivity become considered a public service rather than a utility? What role would local councils play in bridging the digital divide?

Data workers as frontline staff

What steps will local councils be considering to attract, train and retain analytical staff who can make better use of data in providing public services?

Council Capabilities
Driver introduction

How will Councils compete for talent in the future?

Councils in England and Wales employ over 2 million people, making the sector one of the country's largest employers. While each council is plugged in to local employment markets with their own challenges, all face the same pressures of an ageing population: LGA analysis shows that two thirds of the local government workforce is aged 40-64 while just five per cent are under 25.

Looking out to 2027, shortages are most likely to be felt at the higher-skilled and senior levels: the Learning and Work Institute estimates that by 2030 there will be an oversupply of three million people with lower-level qualifications, and a deficit of 2.5 million higher-skilled workers.

With councils expected to make greater use of new technologies in data and analytics to make their services more efficient and responsive, recruitment in these areas will likely be a key focus. If they are unable to match the salaries available to these types of workers in other sectors, what else can councils offer employees in areas including work-life balance, benefits, and work with meaning?

The average annual wage for a local government worker in 2021 was **£28,947**

This compares with a national average annual wage of

£31,772

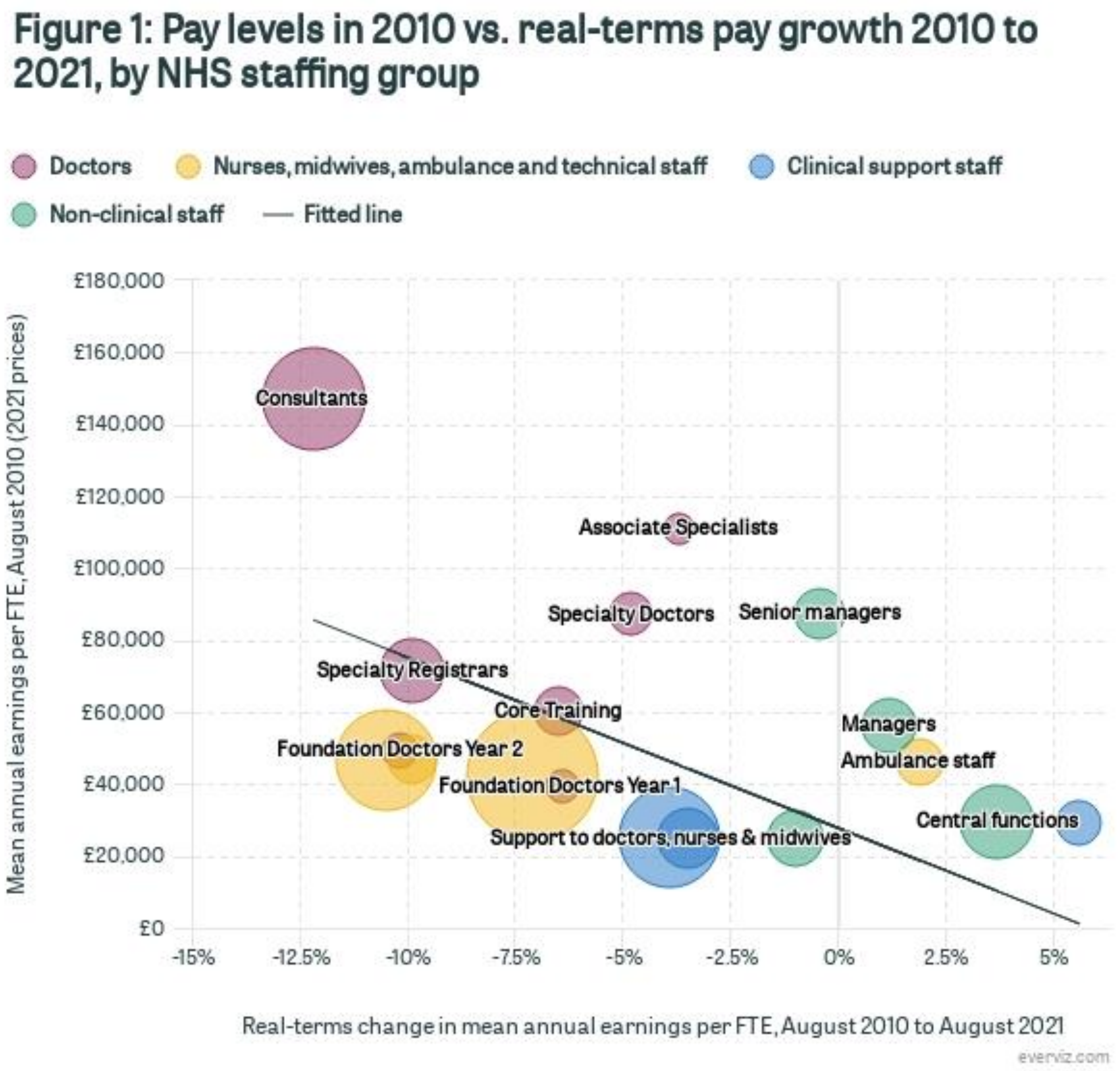
Source: Local.gov.uk and ONS.gov

Council capabilities
Supporting evidence

Over the past decade the public sector has experienced '**pay compression**' – Institute for Fiscal Studies analysis shows the salaries of the lowest paid have grown more relative to higher earners, in part driven by recent significant increases in the National Minimum and Living Wages.

In the current high-inflation environment pay scales are likely to compress further as local authorities and the government seek to support lower earners first with limited resources. While this might have been a benefit to the many lower-earning staff, it poses challenges for public sector organisations looking to attract and retain senior staff and recruit the next generation of senior leaders.

If senior and highly-trained staff have experienced several years of real-terms pay cuts, they may be less likely to take on promotions that increase their workload for limited financial return. They may also look more seriously to other sectors which can offer greater rewards for their skills.



Source: https://ifs.org.uk/publications/16069

Raising tomorrow’s generation
Driver introduction

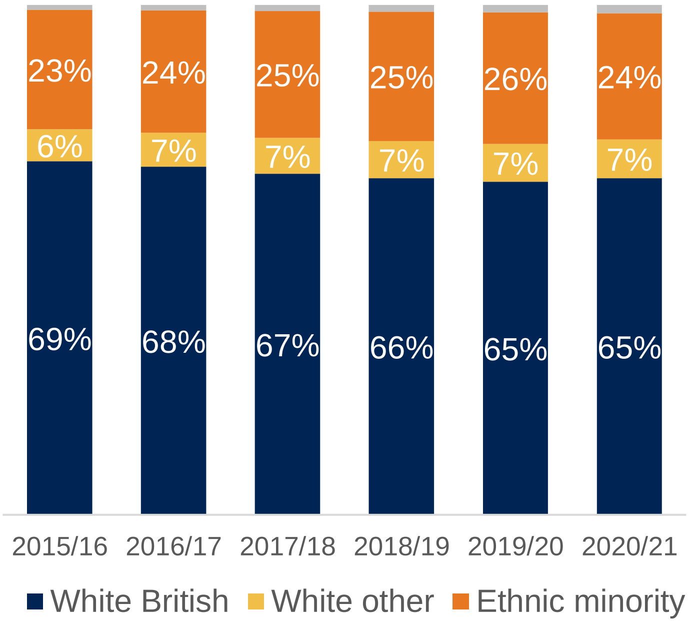
The next cohort of young people will be different

Even before the pandemic, the youngest generation in the UK was expected to be very different from those who had gone before. Data from the DfE School Census shows that between 2015 and 2021, the proportion of school children from a White British background fell four percentage points to 65%. This is significantly lower than the overall population of England and Wales, which was most recently estimated by the ONS to be 85% White British.

The distribution of different ethnic groups is changing too: recent analysis by Politics Home found that school populations in many suburban areas are becoming more diverse, while the proportion of ethnic minority schoolchildren is falling in inner city London areas traditionally associated with ethnic diversity.

Rapidly changing population patterns mean councils will need to consider their education, care and skills provision for young people to make sure they can equip those from different ethnic, faith and social class backgrounds to become active members of society.

Ethnic background of schoolchildren in England, 2015-2020



Source: DfE School Census

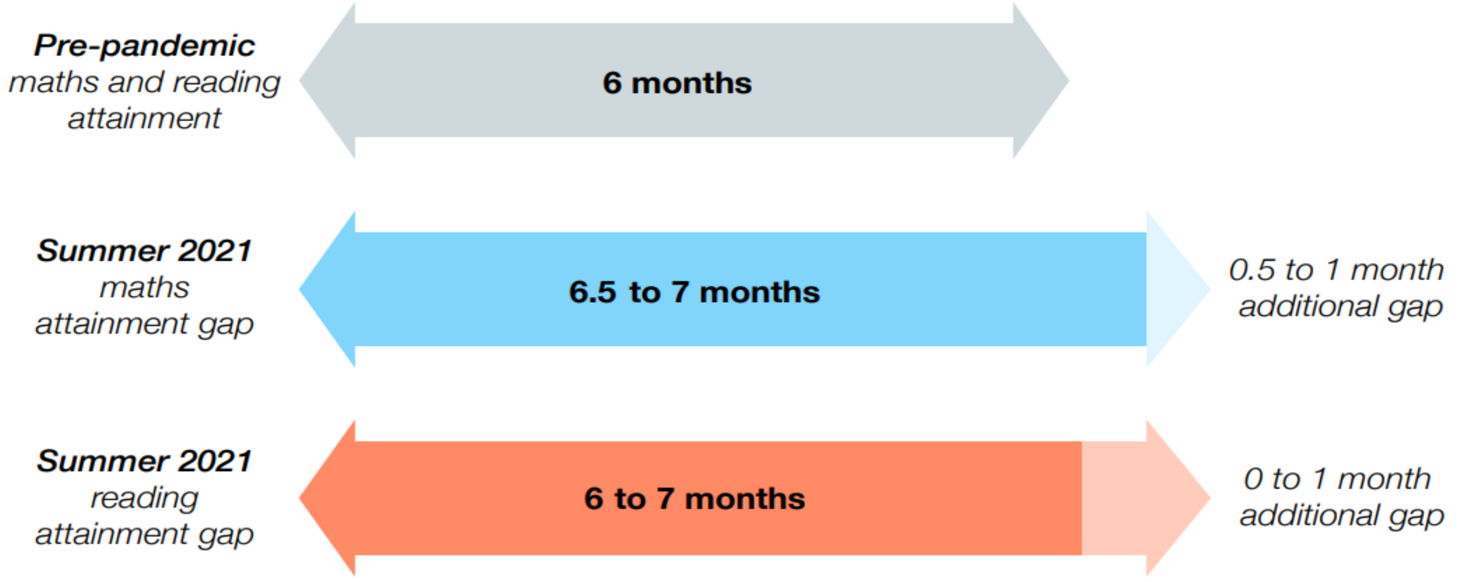
Tomorrow's generation
Supporting evidence
Preparing for the long-term impact of interruptions to education

Interruptions to schooling from COVID-19 have worsened educational inequalities. Analysis by the EEF found that attainment gaps between disadvantaged pupils and their peers grew over the pandemic.

The evidence suggests that that despite some recovery by summer 2021 the attainment gap ay Year 2 had widened by up to one month in maths and reading – reversing several years' worth of work on reducing the gap in a single year.

Widening inequalities at this early age are likely to have knock-on effects for children's entire schooling, amplified by existing inequalities. By 2027, councils will be dealing with the impacts of this disruption across education and care – are there steps they can take now to prepare and learn from this?

Figure 2: Attainment gaps in year 2 over time*



** This infographic represents findings from NFER (2021), DfE (2021) and FFT, Teacher Tapp and EEF (2022). The DfE (2021) study did not provide breakdowns by year group but estimated the attainment gap in primary grew by 0.5 months in maths and by 0.7 months in reading. The NFER study (2021) estimated the attainment gap in year 2 grew by 1 month in reading and by 1 month in maths. The FFT study (2022) estimated that the attainment gap in primary maths widened by 1 month, while they did not find a discernible change in the gap in reading.*

Source: Education Endowment Foundation. The Impact of COVID-19 on Learning: A review of the evidence

Matching digital and physical divides
Driver introduction

Limited connectivity could be a future focus for inequality

In a world where the physical and digital are intertwined, exclusion must be dealt with on and offline. The challenge is bigger for rural areas where physical and digital connections can both be weaker, especially for a growing ageing population. [Ofcom research] for 2022 found that more than nine in ten Britons under 65 had home internet access – but among the over 65s, still one in five do not have a home internet connection.

However, changes in the way people access the internet means home internet connections are no longer the key metric. The same Ofcom report found that UK adults spent four hours online per day in September 2021, and that three of these four hours were spent using the internet on a smartphone.

Poor mobile connectivity – often for 3G and 4G internet in many rural areas, let alone 5G connections – risk replicating previous online divides among those in less well-connected areas. By 2027 how far will councils be involved in helping to bridge this divide?

20% of over 65s in the UK did not have a home internet connection in late 2021

Only half of this group said they had asked someone else to do something for them on the internet

Source: Ofcom Online Nation 2022

Matching digital and physical divides
Supporting evidence

Enduring non-internet users

ONS analysis of internet users in 2020 showed that 6.3% of UK adults had never used the internet.

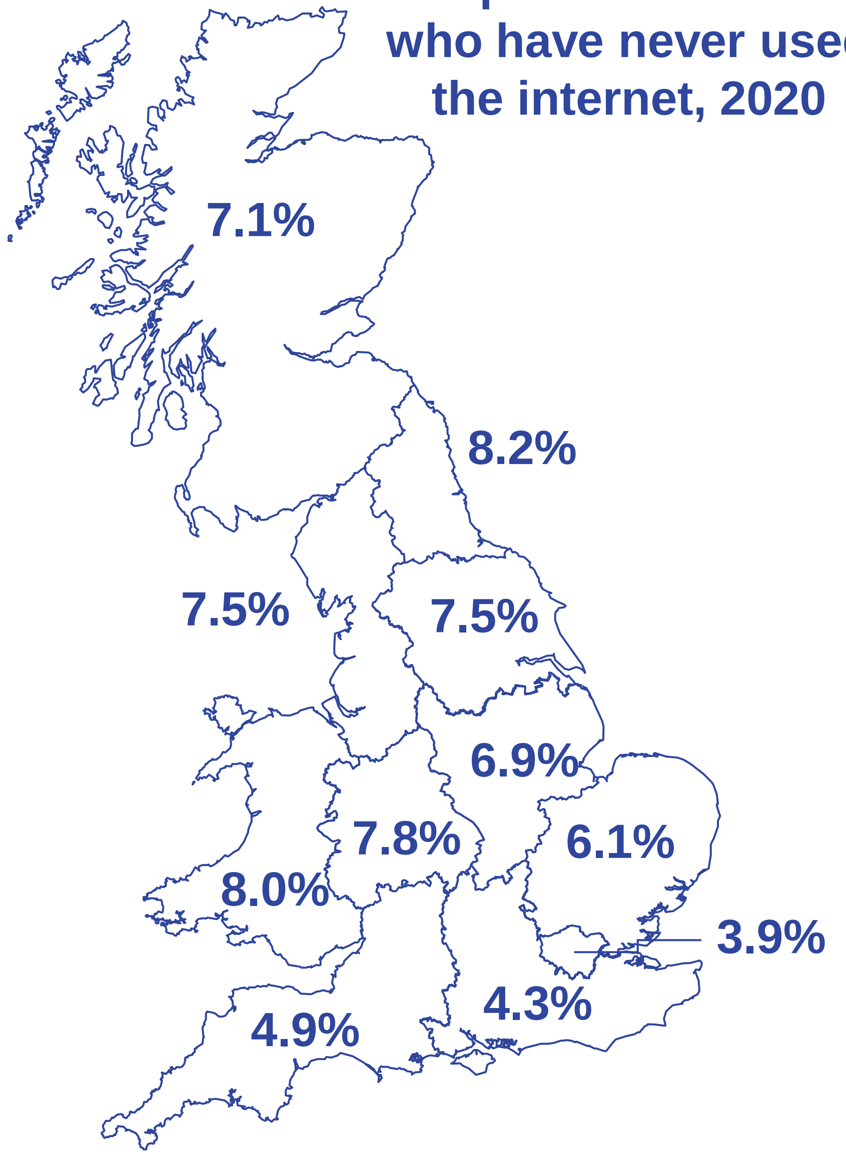
This was a decrease from 7.5% in 2019 – but considering the context of pandemic lockdowns it suggests that this proportion is unlikely to decline further. The danger is of a narrowing, deepening digital divide.

Non-use is strongly concentrated among the oldest age groups, with almost four in ten of those aged 75+ having never used the internet in 2020.

But it also has a geographical element: in Great Britain, non-use is higher in the North, Scotland and Wales.

- London has the lowest level of non-use at just 3.9%, and it also witnessed the largest fall between 2019 and 2020 (by 1.9 points)
- The North East has the highest level of non-use and the pandemic also drove the smallest decline in this figure, of just 0.5 points.

Proportion of adults who have never used the internet, 2020



Source: Office for National Statistics - Internet Users, 2020

Access to opportunity and public services
Drivers in detail

Customer service: Overall satisfaction with councils has recovered to pre-pandemic levels, but this level is at the end of a longer-term decline from scores in 2012. With significant private sector digital and online innovation, who will define the new normal in public sector customer service?

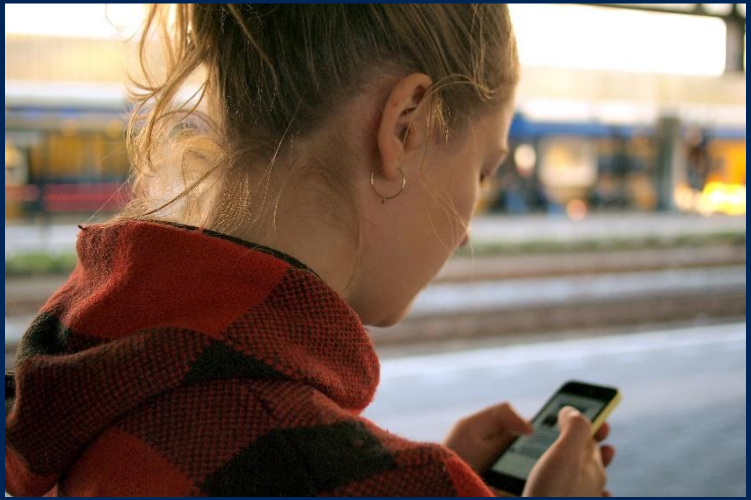
Urban ageing: Ageing has long been considered a rural and remote issue – but over the coming decade urban areas will also see an impact. What challenges will this pose to urban authorities and how can they learn from rural experience?

Loneliness and mental health: A new post-pandemic focus on mental health will be felt in local government as health and care is further integrated. With single person households on the rise how can councils use their existing assets to combat the “second pandemic”?

Supporting mobility: Even before the pandemic, individual mobility has been in long-term decline. Understanding what this means for the future of mobility in different local areas will enable councils to plan transport needs in future

Provocations to start a debate…

What issues and challenges might council leaders be facing in 2027?



App-first councils?

What role could technology play in building satisfaction and meeting customer complaints more quickly?

Cooling centres for cities?

As the population ages further and temperatures rise, how far will excessive heat rise up the resilience agenda? What might councils need to put in place to protect their population?

Parks on prescription?

Provision of green space will be more important to an integrated health system more focussed on well-being. How might councils need to innovate to provide suitable and sufficient green space?

What next for customer service?
Driver introduction

How will post-pandemic innovations change customer expectations?

The past two years have seen significant innovation in delivery of goods and services in the private sector – from grand "omnichannel" strategies that aim to combine a company's online and offline presence seamlessly, through to subtle changes in the channels customers use to contact companies.

Public sector organisations face additional hurdles in ensuring these expectations are met while avoiding some less-connected citizens being left behind. This tension is likely to grow further by 2027 as the less-connected cohort gradually shrinks and the expectations of others increase.

Work by EY identifies seven 'connected citizen' personae, highlighting the complex mix of attitudes, needs and behaviours governing citizens' interactions with public services through technology. It highlights the importance of a segmented approach to public engagement with technology as well as a strong level of interest in the use of technology in community engagement.

In 2021 the UK Customer Service index found that **over half of all customer experiences were through online channels**, rather than telephone or face-to-face

Source: UKCSI 2021

What next for customer service?

Supporting evidence

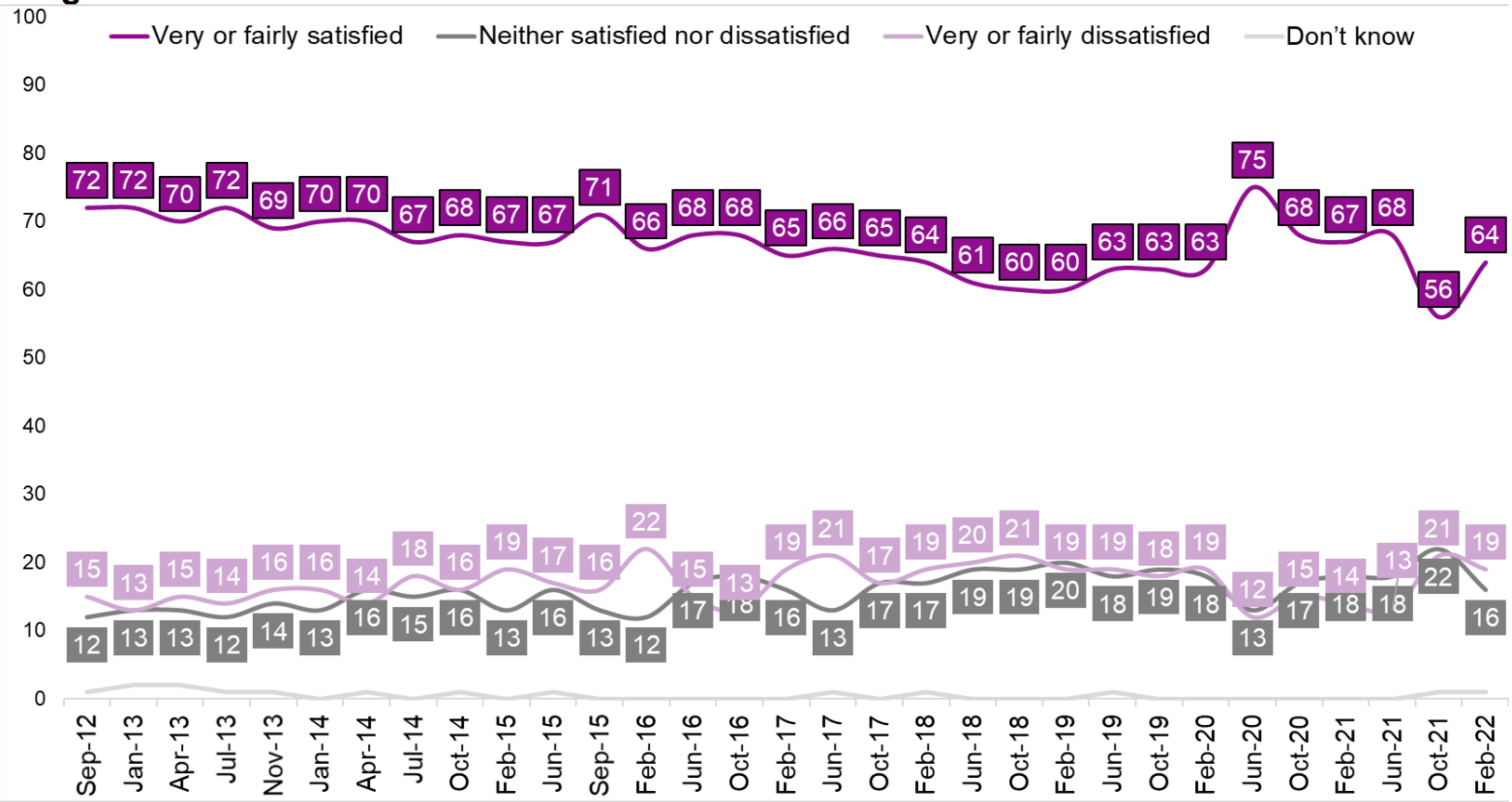
A return to longer-term trends of decline?

LGA polling shows that after a more volatile pandemic period, **resident satisfaction with local councils has returned to its longer-term trend**: in February 2022, 64% were satisfied and 19% were dissatisfied, very similar to the February 2020 scores of 63% and 19%.

These scores are at the end of a long-term, gentle, decline in satisfaction since earlier in the decade – overall resident satisfaction had fallen from around seven in ten in 2012 to six in ten by 2019-20.

While satisfaction rates of six in ten are a good performance for any organisation, especially over a decade where many services have been cut, what innovations or new approaches might council leaders be considering by 2027 to build on these solid foundations?

Figure 2: Overall, how satisfied or dissatisfied are you with the way your local council(s) runs things?



Base (all respondents): Between 1000 and 1036 British adults per round from Sep-12 to Feb-22

Source: LGA, Resident Satisfaction Polling Round 31

Urban Ageing
Driver introduction

Urban authorities will face new population challenges

As the UK becomes an increasingly aged society, the coming years will see rising older populations in areas that are not traditionally associated with older people: inner cities.

Urban areas might find it easier to cater for an older population in some ways as they tend to have better public transport and a greater concentration of services near populations. But they will face other challenges: for instance, pensioner poverty is higher in London than other regions of the UK (19% are classified as in poverty, above the 14% average).

Other challenges local authorities might be facing from this newer cohort of urban older people by 2027 include providing loneliness and mental health support to people who will increasingly live alone. This older generation will also be much more diverse in terms of ethnicity and faith, meaning they will bring very different expectations and practices around old age and death that local authorities will need to be aware of.

Already **1.1 million** Londoners are aged over 65.

Over the coming three decades this number will rise above 2 million.

Source: Age UK London Facts and Figures

Urban Ageing

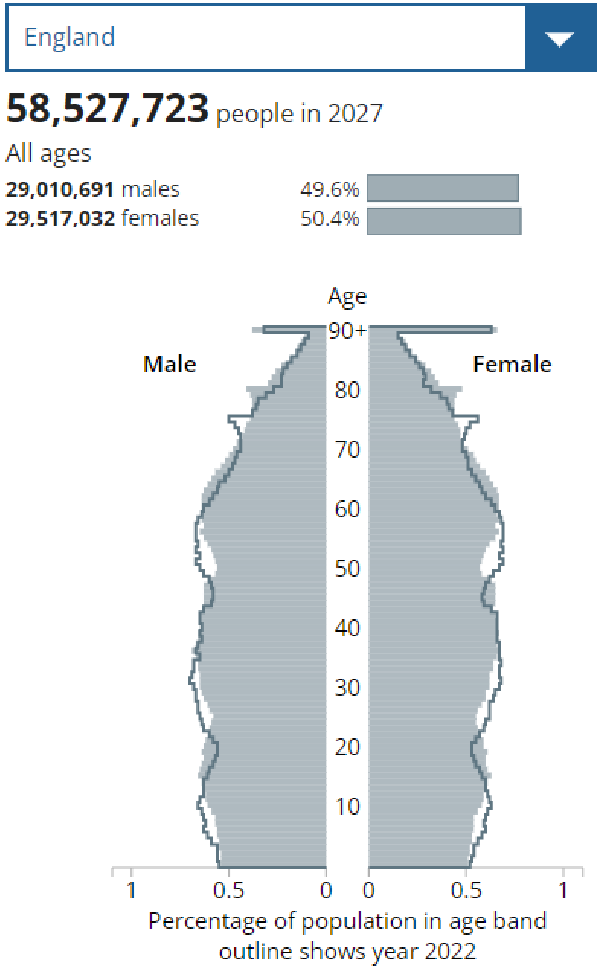
Supporting evidence

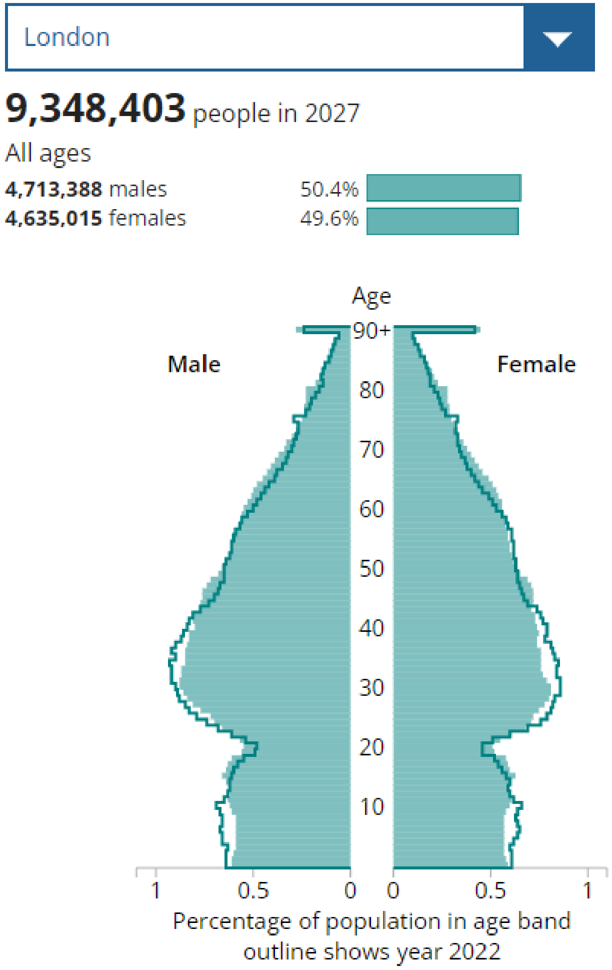
Volunteering frequency

Population pyramids of England and London show the differing demographic pressures facing England and London.

By 2027, those born in one of the country's largest baby booms (1946-7) will be eighty years old, likely driving further demand for social care. The main "Baby Boomer" cohort born in the early 1960s will also begin entering retirement en masse as they reach their early sixties.

London faces the prospect of more acute problems as its older population grows and the bulge of 30-40 year olds drawn to the city for careers and employment begins to shrink relative to this older population.





Source: ONS population projections for England

Loneliness and mental health
Driver introduction

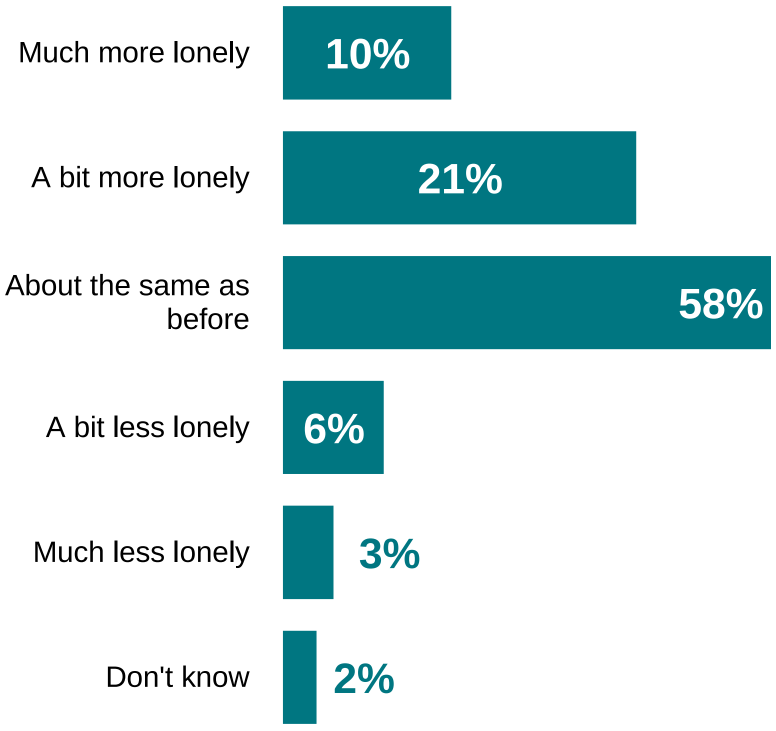
A post-pandemic priority in public health?

The COVID-19 pandemic has increased feelings of loneliness among people of all ages and will be an area of focus for policy and research in the coming years. In a poll for World Mental Health Day 2021, eight in ten Britons said their physical and mental health were equally important – but they were also the most likely of 30 countries to say their national health service prioritised physical over mental health.

There are large-scale changes within the NHS to change this. For instance, the NHS in England has made social prescribing of community activities and support a priority with an aim of referring 900,000 people to social prescribing by 2023/4.

As providers of recreation and leisure facilities, local authorities have an important role to play in social prescribing and broader mental health support. By 2027 what steps might councils be taking to provide holistic mental and physical health services to residents of all ages – and what new partners might they be working with to provide these services?

Would you say that you feel more or less lonely than you did before the pandemic started, or about the same?



Ipsos UK/ Kings College London
Base: 1,229 UK adults aged 16+, interviewed 4th - 7th March 2022

Loneliness and mental health

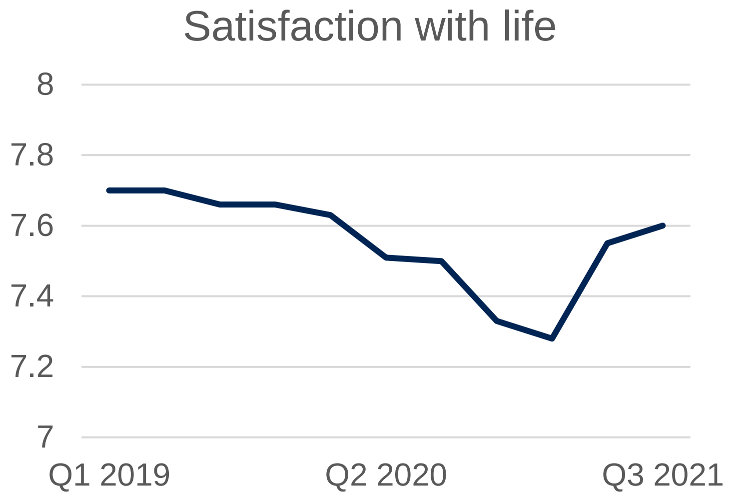
Supporting evidence

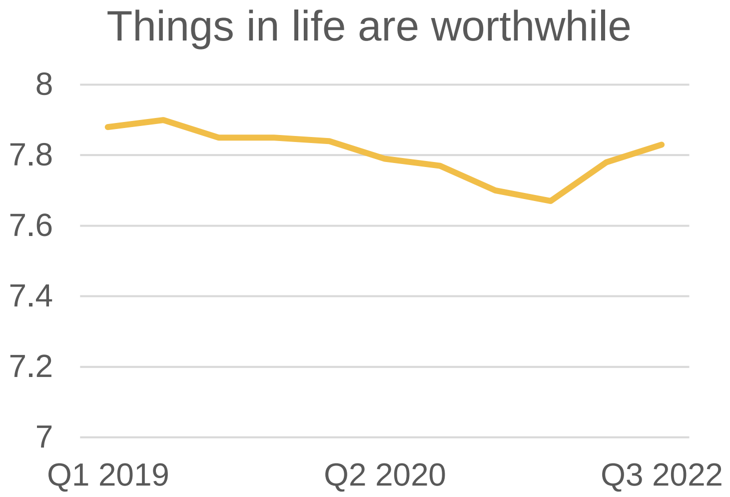
ONS personal well-being

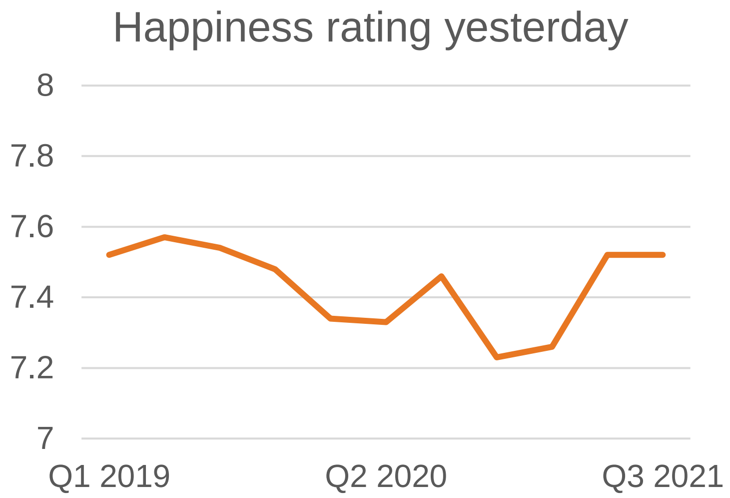
As measured by the ONS, public wellbeing fell during the pandemic, reaching a low point at the end of 2021 and 2020. Data only runs to autumn 2021 but this suggests that wellbeing has since started to recover.

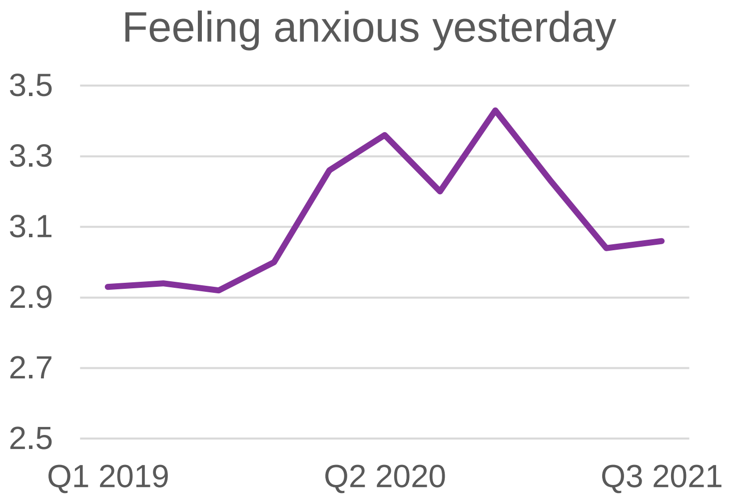
Beneath this headline there are some clear differences between groups: women's wellbeing was affected more strongly than men's, possibly tied to their increased likelihood of being furloughed and taking a greater share of home-schooling and unpaid childcare.

By late 2021 life satisfaction and feelings of anxiety were still worse than their pre-pandemic benchmarks: is there the potential for a longer hangover from this period? How might councils need to adapt their services to meet the needs of those wrestling with longer-term effects from the pandemic?









Source: ONS Personal Wellbeing Measures, 2019-21 (Rating 0-10)

Supporting mobility
Driver introduction

Changing personal travel trends

Trips by public transport fell dramatically during the pandemic as people stayed home and tended to view buses and trains as more dangerous than private modes of travel, cycling and walking. Data so far suggests that use of public transport, especially trains, has been permanently scarred by changes in commuting and working patterns over the past two years.

With these changed patterns of movement post pandemic, local authorities will likely to see new challenges to supporting local mobility. How far have the types of people travelling changed, and how can people be encouraged back on to local buses, trains and trams to visit local areas?

Increasing devolution in transport means there is potential for experimentation. For instance, new approaches to travel – such as "mobility as a service", using technology to focus on journeys crossing multiple modes – are seen as one way to harness technology to support future mobility. How can rural councils make use of this technology and other freedoms to persuade people to use their cars less and to help their more dispersed, older, populations keep mobile?

The average number of trips taken per year by non-London local bus **fell from 46 to 32** between 2002 and 2019.

In 2020 this fell further, to 15.

DfT National Travel Survey

Supporting mobility

Supporting evidence

A longer-term decline in personal domestic travel

What will public appetite for local travel look like by 2027?

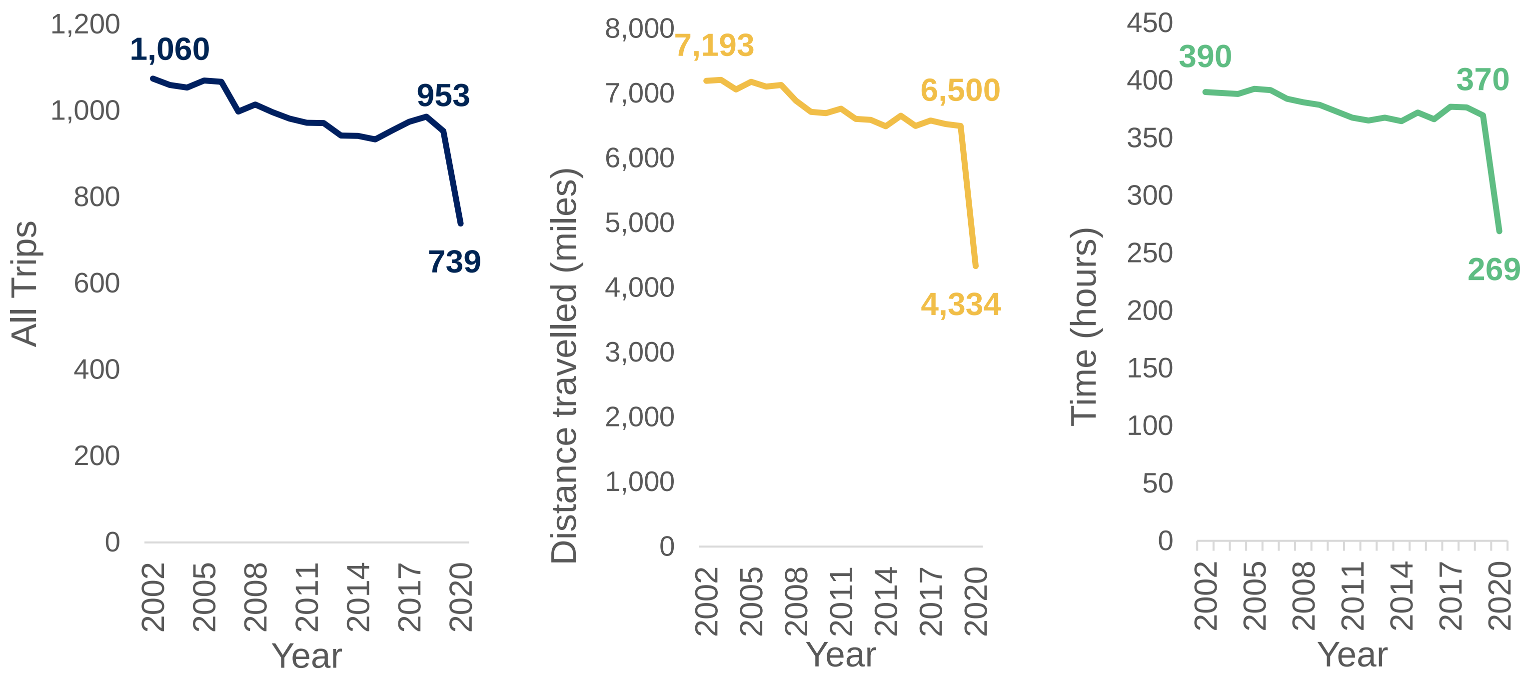
Data from the Department for Transport shows a long-term decline in mobility.

Between 2002 and 2019:

- The total number of domestic trips taken per year declined by 10%
- Overall distance travelled also fell by 10%
- Yet time spent travelling fell by less – just 5%

Against this backdrop of a longer-term decline in how much and how far people travel domestically, it seems unlikely that post-pandemic patterns will return to the levels seen in 2019. Should councils promote more local travel or adapt to a less mobile population?

Domestic travel trends in the UK, 2002 - 2020



DfT National Travel Survey

Community, local pride and belonging
Drivers in detail

Reinventing local places: The High Street is making a post-pandemic recovery but longer-lasting changes in where and how people work mean there is no going back to the *status quo ante*. What different types of stores might be thriving by 2027 – and what other purposes might high street space be used for in future?

Uniting digital and physical spaces: Many private sector retailers are becoming “omnichannel” businesses, with an integrated digital and physical presence. How could councils combine the best of digital and physical to support local places?

Supporting communities through social care: The crisis in social care requires significant effort, thought and funding to be resolved. Over the coming few years, it is likely to become a bigger and more critical issue before reaching a fix. Are there new models for local living that councils can investigate which use local pride and belonging as part of the solution?

Provocations to start a debate…

What issues and challenges might council leaders be facing in 2027?

A digital high street?

Could councils be exploring digital versions of local areas to attract new audiences to local businesses and council services?

Gamifying the neighbourhood?

Could councils be using apps that provide incentives to people who visit certain areas, exercise or shop in local areas?

Intergenerational social housing?

New models for new social housing might look beyond the nuclear family to create housing options for an older population with more single households

Reinventing local areas
Driver introduction

What is the future of the high street?

The future of the high street is a perennial topic of discussion. The pandemic has given this debate further impetus through driving consumers online, forcing the closure of a number of retailers, and making footfall patterns lower and less predictable than pre-Covid through a shift away from commuting and 9-5 routines.

Although vacancy rates have stabilised in the past few months, the prospect of a cost of living squeeze and low growth over the coming year will likely drive these higher. High streets will need to continue to adapt and evolve to keep up with changes in consumer behaviour.

There are signs of further innovation with more spaces dedicated to the local community and supporting local entrepreneurs. Bringing more housing to high streets is one such opportunity: the sites of former stores like Debenhams are being targeted for development, while John Lewis has announced plans to convert its vacant buildings into rental homes.

How can Councils lead in this transformation? By 2027 what sorts of spaces could they be establishing in town centres to support businesses and provide services such as care and training?

14.1% of high street shop units were vacant in the first quarter of 2022.

This is lower than shopping centres (19.0%) but above the level in retail parks (10.6%)

https://brc.org.uk/news/corporate-affairs/fewer-empty-shops-but-uncertainty-ahead/

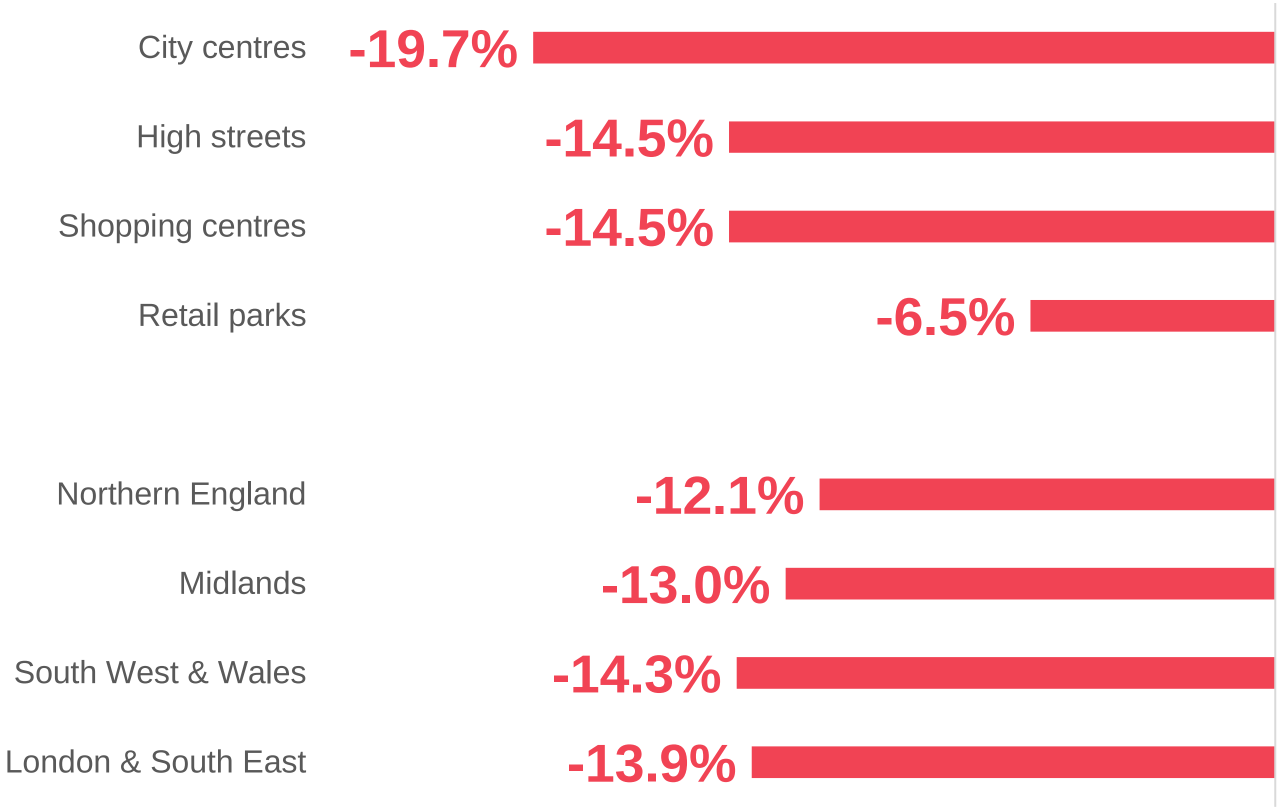
Reinventing local areas
Supporting evidence
A lower footfall future?

Retail footfall remains suppressed across all areas of retail compared with pre-pandemic trends, but larger urban areas remain the most affected. These reductions are starting to look baked in and will likely be confirmed further by inflation over 2022-3. This means local authorities will need to consider how they vary their support to businesses to let them adapt to a new reality.

There is also an opportunity to consider why people come to high streets and city centres. As well as more residential development, there is the potential for more digital hubs and local workspaces offering 5G connectivity to attract hybrid workers.

By 2027 local councils may be looking to other ways they can support entrepreneurs in a lower turnover high street. Will operating licences need new opening hours? Will there be greater emphasis on markets or Sunday trading? How can business rates and other local taxation be adjusted to support businesses?

Ipsos Retail Performance Retail Traffic Index
Footfall comparison 17th April – 14th May 2022
versus same period in 2019



Ipsos Channel Performance [Retail Traffic Index]

Uniting digital and physical spaces
Driver introduction

How can online and offline spaces support each other?

As 5G connections and "internet of things" technology becomes more established, the potential for companies and local authorities to use smart devices to support local areas will grow. In many areas residents can already use travel apps and online information to check their travel routes for disruption, but the next step would be to feed more information into the system: real-time data could match how busy a local area is, the fastest way to get there, and the opening hours of local shops. Better understanding of traffic flows could also let businesses tailor opening hours to fit the busiest times.

An example is BT's Street Hubs, which not only provide WiFi and mobile charging, but also gather air quality and environmental data.

By 2027 could local councils be using data from greater passive monitoring of local areas to provide greater support to local businesses to enable a wider range of stores to survive and thrive?

Revenue from the UK "internet of things" market is expected to **almost double** between 2022 and 2027 to $1.8Bn

https://www.statista.com/outlook/tmo/internet-of-things/united-kingdom#revenue

Uniting digital and physical spaces
Supporting evidence

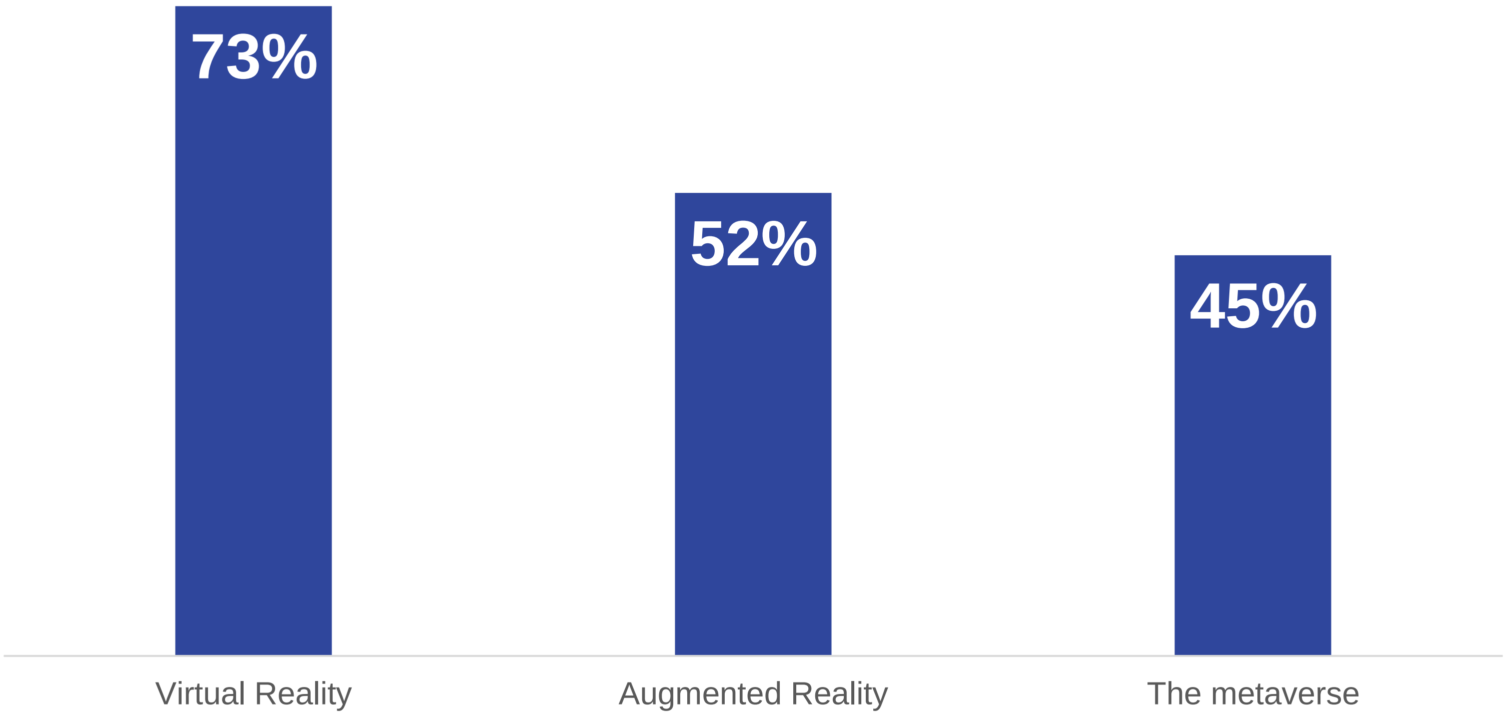
Digital twinning

The concept of "digital twins" – a virtual, intelligent, representation of an physical system – is emerging in aerospace as a way to monitor the status of engines and airplanes in real time without the need for physical inspections.

Examples are emerging of similar approaches in local government: for instance, the town of Herrenberg in Germany is piloting a digital twin that allows it to model the impact of new policies, understand traffic flows, and allow residents to provide feedback on their local area and planning proposals.

By 2027 this technology might be more widely spread. How could local councils use this concept to monitor and maintain local areas, support planning and neighbourhood plans, and engage with their residents?

Proportion of Britons very or somewhat aware of…



Base: 21,005 online adults under the age of 75 across 29 countries (c. 1,000 in Britain), interviewed April 22-May 6, 2022

Supporting social care in the community
Driver introduction

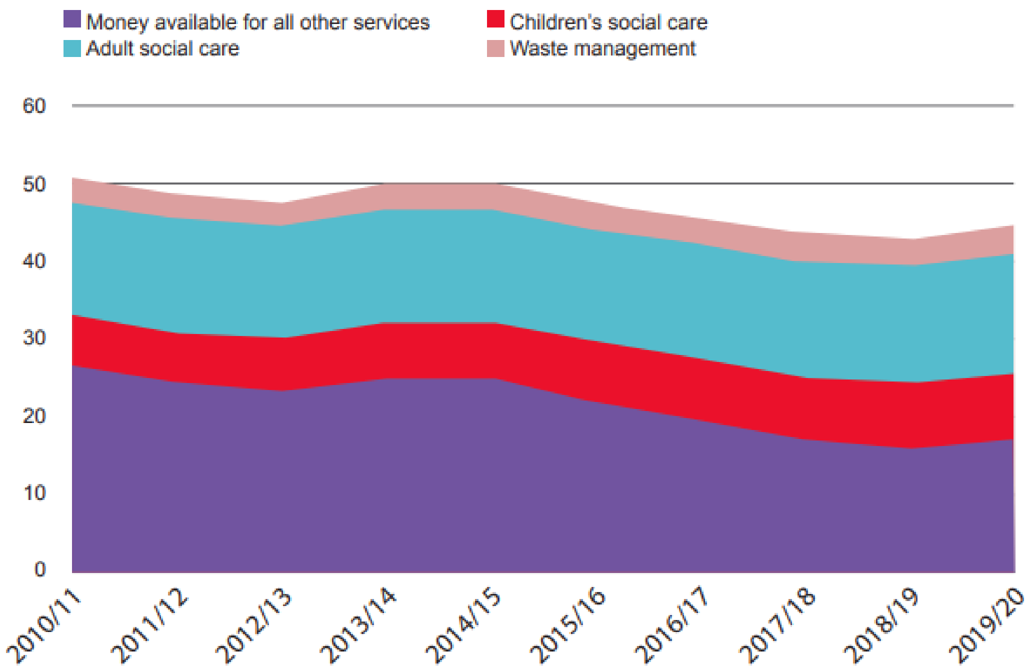
Community solutions to the growing pressure of adult social care

Funding for social care has been a perennial issue. Last decade LGA analysis showed how it and care for children was likely to absorb an ever-larger proportion of council funding.

Reform and funding of adult social care are now in train, but the size and scope of the problem means there are no quick fixes, especially as demand will keep rising strongly as the population ages and inflation reduces how far budgets can stretch.

Some areas of the country have become "social care deserts" – before the pandemic Age UK estimated that one in seven older people live in an area where they can't get the right level of care.

By 2027 these pressures are likely to be greater than they are now, requiring more innovative solutions. Will councils be able to find new ways to bring local communities into providing support and engagement for social care?



https://www.local.gov.uk/sites/default/files/documents/future-funding-outlook-co-18b.pdf

Supporting social care in the community
Supporting evidence
New living arrangements to support older people

Innovations in how space is used reveal potential steps which can be taken as part of a broader effort to solve issues with adult social care:

- Multigenerational housing is one approach gaining greater attention as one part of the solution to the social care and housing crises by both public and private sector builders. This type of living will also be more common among an increasingly diverse older population
- Another approach is to use free space on high streets to provide for more accommodation for older people. Bringing an older population closer to amenities and council services can benefit businesses and make providing social care more efficient.

https://www.housinglin.org.uk/Topics/browse/Housing/HousingforOlderPeople/intergenerational-housing/

Empowering local leaders and communities
Drivers in detail

Local power: A future power grid that relies on renewables will need to be far more extensive and integrated with local areas than it is now. What role will councils play in local power generation, storage and control?

What residents will want: There are mismatches between the UK government and local residents' priorities for levelling up – for the policy to work it must understand public concerns. How might other tensions in public opinion present challenges for local authorities by 2027?

Future regulatory constraints: Empowerment of local leaders is in tension with new centrally-set rules, especially around agriculture and net zero. What new constraints might leaders bump up against?

Provocations to start a debate…

What issues and challenges might council leaders be facing in 2027?

Recycling rare earths from landfill?

Rare earth metals will continue to rise in price which will make unorthodox methods of extracting these metals profitable

A proliferation of ULEZs?

As councils seek to meet Net Zero targets and find new sources of revenue, charging more polluting vehicles will become increasingly appealing

Local power generators?

As power generation becomes more extensive, councils will be drawn more closely into managing local power. Is there a future as controllers of local power networks?

Local power
Driver introduction

Localising the national grid

Renewable energy generation is by necessity more extensive: a grid reliant on smaller, intermittent solar and wind generation will take more space than the current model of large output, always-on gas power plants. In nuclear power too, the government is interested in smaller SMRs over traditional larger reactors.

The grid will also need to become "smarter" as it balances peaks in both demand and supply. Managing this flexibility will be more effective at a local level and studies are already underway involving local authorities with power distribution.

Power generation and storage will need to become a visibly bigger presence across the country. By 2027 this shift will still be in its early stages, but looking further ahead there will be questions about how local authorities become involved, not just as planning authorities but also as significant land owners. There is also the potential for a new tension to emerge between rural councils who have more land to put to power uses and urban authorities who will have limited space and much higher energy demand.

Can Councils earn income as generators and storers of electricity? What space might there be for local authorities to connect the public to their local grid as a trusted local organiser or by providing democratic accountability?

A US study estimated that a fully renewable grid would occupy **four times as much land** by 2050 as current energy infrastructure.

https://www.bloomberg.com/graphics/2021-energy-land-use-economy/

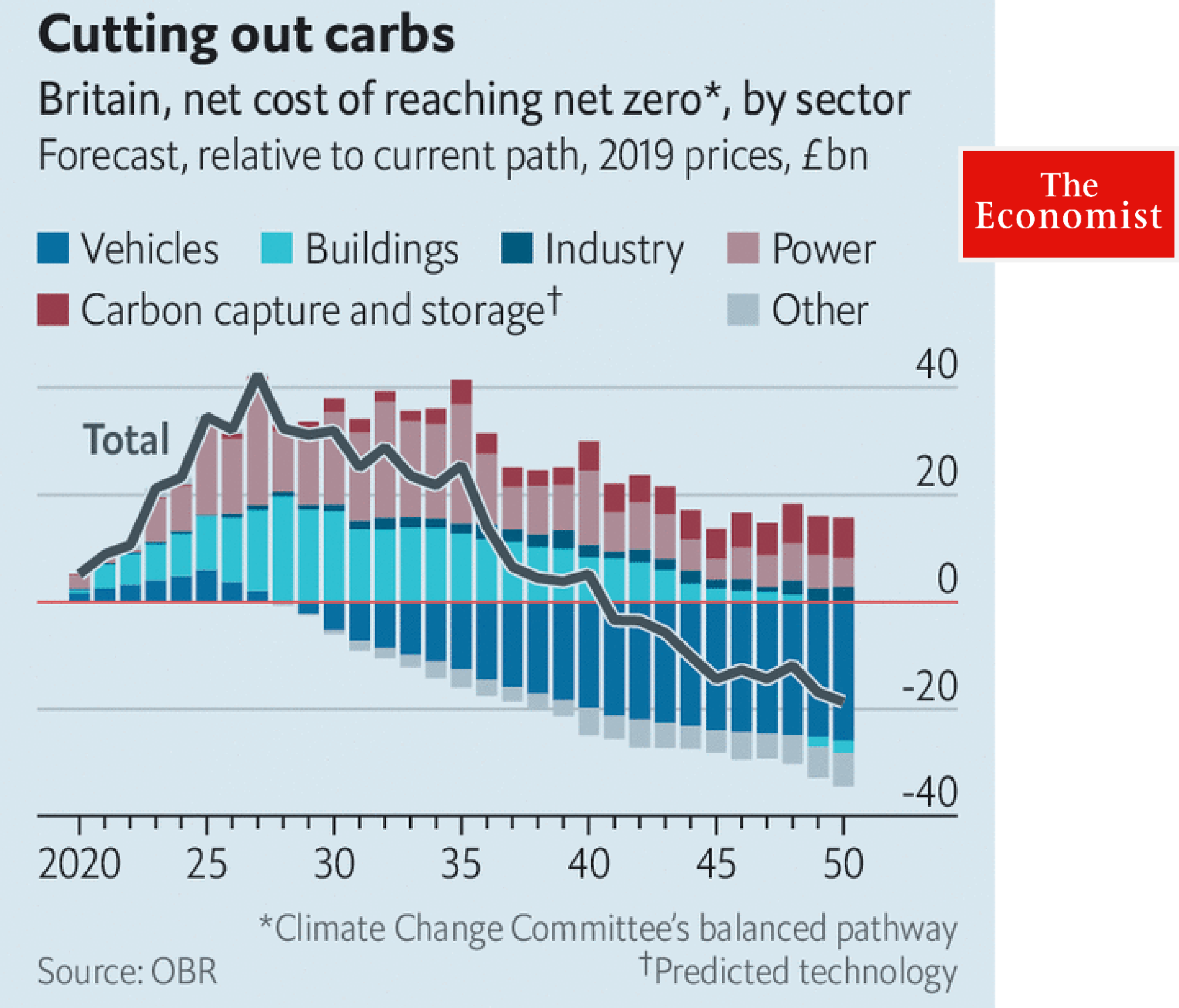
Local power

Supporting evidence

The investment is needed now

OBR analysis shows that **the 2020s needs to be marked by significant investment in infrastructure** if the UK is to hit its net zero targets**.** 2027 is projected to be the year of peak investment in power and buildings; in subsequent years the country will begin to see savings from increased efficiency.

Local councils will need to play a leading role in meeting a challenge of this extent and nature: in the planning and extension of power generation, insulating and ensuring minimum standards in commercial and residential buildings, and extending the grid to meet demand from electric vehicles.



What residents will want
Driver introduction

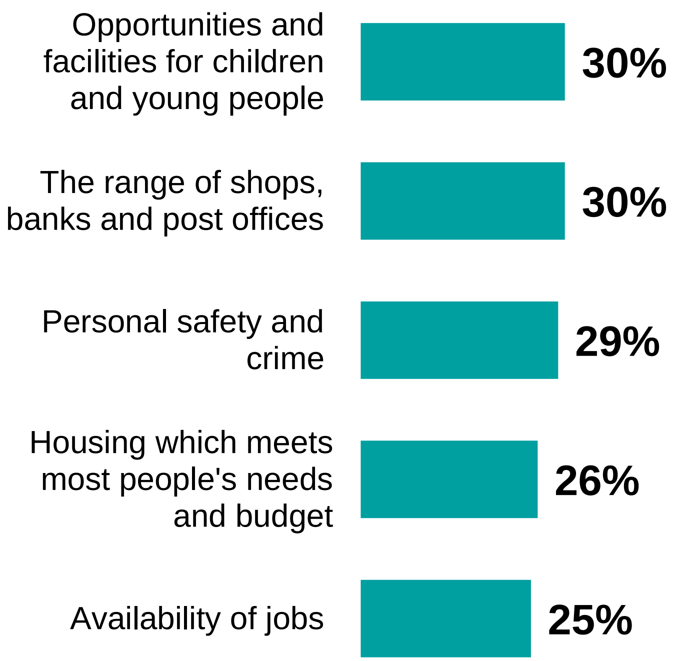
Shifting public opinion

Greater democratic engagement is an important part of the Levelling Up agenda; some areas have seen the creation of new metro mayor posts or reorganisation of local government from district and county models into unitary authorities. Further, increased devolution through ‘County Deals’ is giving non-metropolitan local authorities more control over how local areas are run, to match more urban areas.

There are signs of a mismatch between what the central government sees as priorities for levelling up and what the public want. While much of the government’s focus has been on the road, rail and innovative technology, polling suggest that residents want to see improvements to opportunities for children and young people, vibrant high streets, and protection from crime. Similarly, research from PWC suggests residents prioritise affordable homes, skills and good jobs and vibrant town and city centres over connectivity and long term financial investments.

By 2027 the public will expect ‘levelling up’ to be delivered; how will local council leaders bridge the divide between their short-term expectations of visible change and some of the bigger-picture investments that will take longer to have an impact?

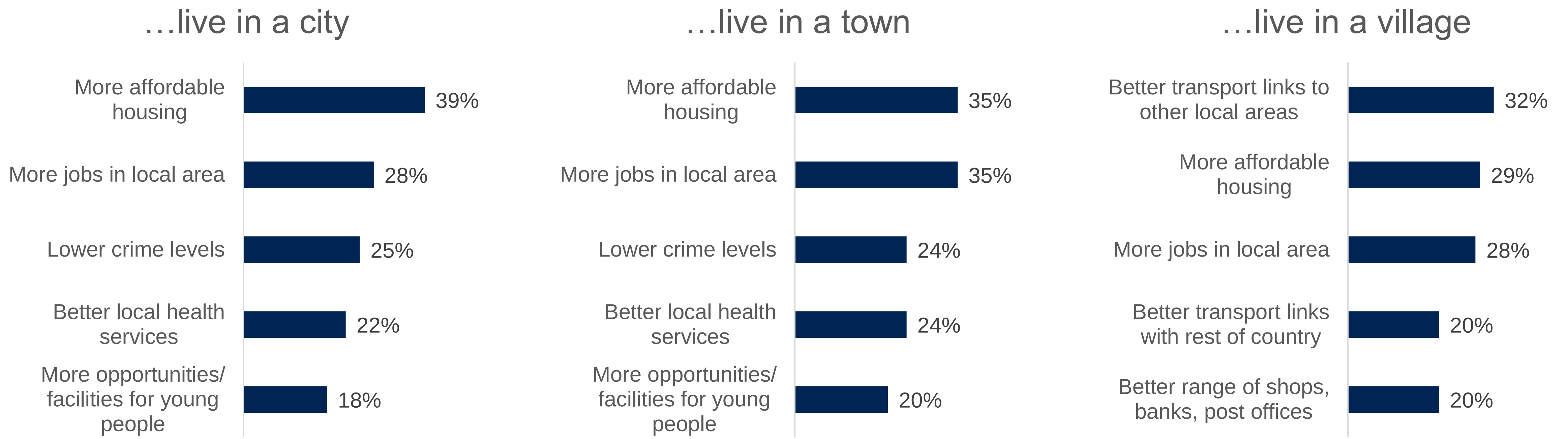
And which two or three features of your neighbourhood would you like to see most improved?



Base: All participants in England (8352)
Methodology: The KnowledgePanel (Wave 10) (CATI)
Fieldwork dates: 18-24 March 2021

What residents will want
Supporting evidence

A divide on views on improvements to local areas exists between those living in towns and cities and those in rural areas. Polling for Deloitte shows the former have the same top five, focussed on affordable housing and crime, along with more opportunities for young people. By contrast, two of five priorities for those in rural areas are about transport connections – road and broadband quality also lie just outside the top five.



Question wording: Please imagine a city/town/village which needs each of the following improvements. Which two or three, if any, would you prioritise as the best way to begin improving such a place? Top five results shown – score are for city-dwellers on cities, town-dwellers for towns and village-dwellers for villages

Deloitte State of the State 2021/22
Base: 5,792 Online UK adults 16-75, 9-14th September 2021.

Future regulatory constraints
Driver introduction

New regulatory frontiers

While levelling up policy seeks to provide local councils with greater scope for action, developments in other parts of government may throw up new constraints that will limit how local authorities act by 2027. This is likely in a range of areas, but is already being seen in laws relating to land use, biodiversity and environmental sustainability which work with the grain of public opinion.

Local authority leaders will need to be aware of the objectives of new national policies, supported through the courts, and how these might shape the decisions they can take as local leaders. For example:

- **Nutrient neutrality:** This policy is already in place and is restricting developments where builders are unable to prove that their work will not increase nutrient run-off into protected areas – creating a new tension between housebuilding and environmental impact
- **Biodiversity Net Gain**: This policy will likely become mandatory from 2023 and means developers are required to deliver a 10% biodiversity net gain and protection for habitats for at least 3 decades.
- **Drones:** The current framework for regulating unmanned aircraft blurs responsibilities for operators, making it harder for local authorities and others to utilise these technologies. A government consultation on the future of flight may grant local authorities more freedoms – and constraints – in future.

% of the British public who agree…

72%

agree that if ordinary people do not act now to combat climate change they will be failing future generations

86%

globally believe that if their government does not combat climate change then it is failing its citizens.

Source: Ipsos Earth Day 2021

Future regulatory constraints

Supporting evidence

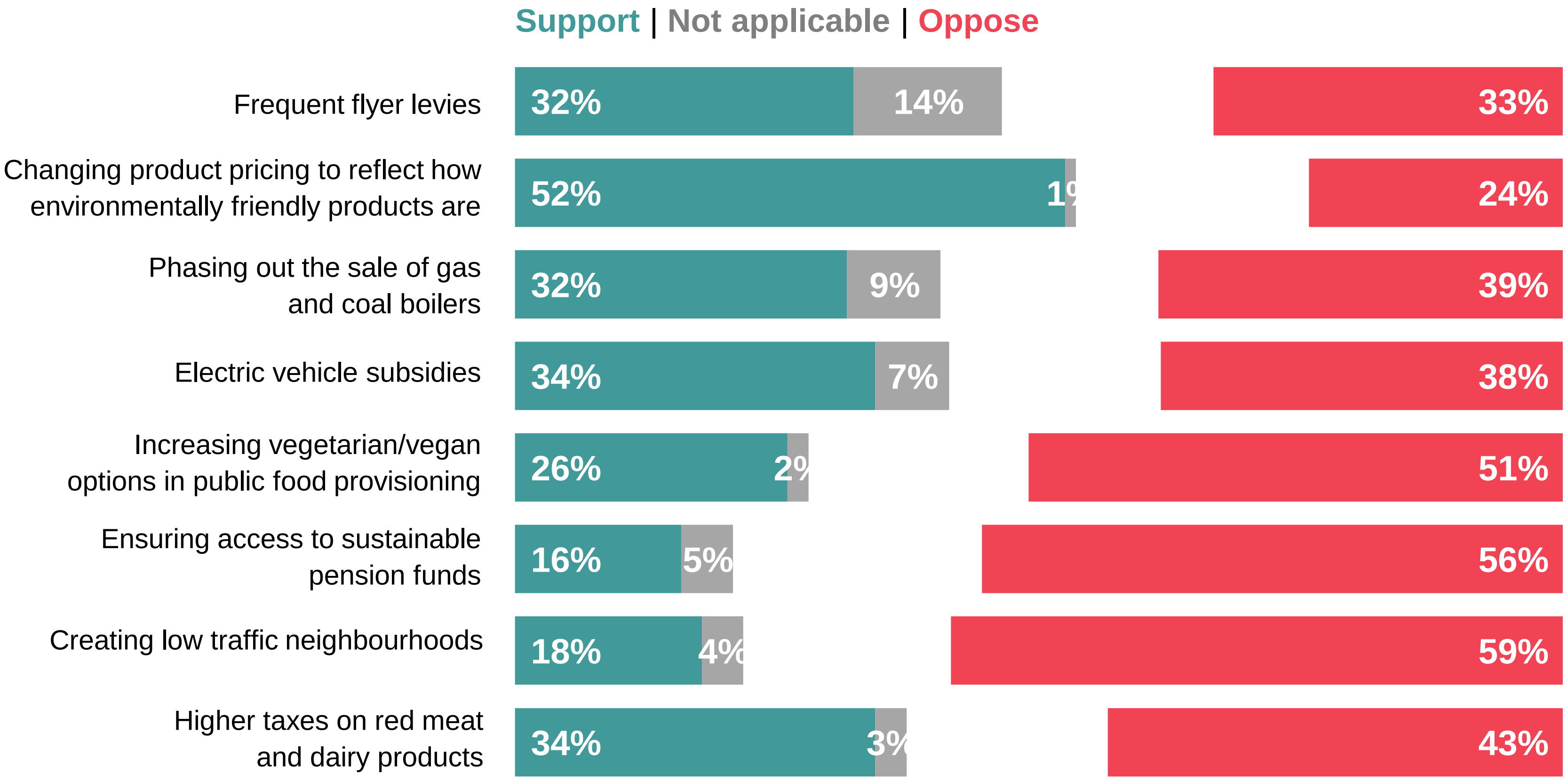
The green backlash?

The extent to which the public will support environmental restrictions on how they act is limited. Polling ahead of COP26 found that public support for frequent flyer levies in the abstract falls when it is revealed there is a personal cost to the policy.

Other policies where there is a notable drop-off include removing gas and coal boilers as well as subsidies for electric vehicles.

As the cost of living rises over 2022 into 2023, how solid is public support for environmental policies – and how will they react to local authorities prioritising net zero over other policy goals?

If this policy meant that you personally had to pay more… to what extent do you support or oppose it?



__Base:__ c. 2,830 UK adults aged 16+ per policy, 19 – 25 Aug 2021

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