

Written evidence submitted by the Local Government Association (UAIG0036)

About us:

The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross-party membership organisation, representing English councils. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

The Society for Innovation, Technology and Modernisation (Socitm) is a membership organisation of more than 2,500 digital leaders engaged in innovation and modernisation of public services. Established for more than 30 years, our network combines to provide a strong voice, challenge convention and inspire change in achieving better place-based outcomes for people, businesses and communities.

The Society of Local Authority Chief Executives (Solace) is the UK's leading membership network for more than 1,700 chief executives and senior managers working in the UK public sector. As apolitical public servants with granular expertise of implementing policies across a place, our members offer a unique understanding of how to achieve the best possible outcomes for communities while achieving the Government's aims.

London Office for Technology and Innovation (LOTI) is London local government's innovation team. We help London borough councils and the GLA use innovation, data, and technology to be high performing organisations, improve services and tackle London's biggest challenges together. Founded in July 2019 with just 15 boroughs, LOTI's record of delivery has led to its membership growing to include 28 boroughs, the Greater London Authority and London Councils. Today, it connects more than 1,000 local government colleagues online and in person, helping them to share knowledge, build capacity, run projects, and influence change together.

iNetwork is a membership led partnership for local public sector based organisations. Established 20 years ago, we currently have over 120 members across the North West, Yorkshire, and Humber. We have a strong collective voice empowered to confront the most pressing challenges in the local public sector to drive innovation and change to enhance service delivery for our residents, patients, tenants, and service users.

Summary:

Local Government is a substantial part of the public sector, employing 1.32 million people and delivering vital services at a local level to residents with an annual budget of £127.1 billion. However, councils are facing significant financial and service demand pressures. Digital transformation, including the use of AI, is seen as a way to deliver the next generation of public services, which are cost efficient and enable front line workers to focus precious capacity on service delivery.

In late 2024, the LGA commenced an update of its AI survey, first carried out in February 2024¹, signalling a positive trajectory for AI adoption within local government and its potential to enhance service delivery. 91% of responding councils reported they are either already using AI or exploring its potential. Councils are utilising AI for various applications and in a range of service areas, including public-facing chatbots, caseworker assistants,

¹ Findings from LGA State of the sector: Artificial intelligence February 2024: <https://www.local.gov.uk/publications/state-sector-artificial-intelligence>

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image recognition for tasks like tackling fly-tipping, AI-powered sensors in adult social care, and tools for generating easy to read documents or translation services. Predictive analytics are also being explored to prevent falls and homelessness.

Early indications of an update to this survey suggest that councils are gradually progressing their AI adoption efforts, with several reporting an increase in AI capabilities and readiness. These early indications align with our observations from our consistent engagement with councils, who are continuing to adopt and embed AI technology into their service delivery.

However, while staff productivity, service efficiency, and cost savings are AI's most commonly cited benefits, many councils acknowledge it is still too early to quantify the realised benefits. Further challenges remain, barriers to continued AI deployment in the sector include lack of funding, lack of staff skills, and lack of staff capacity.

There is a need for a coordinated approach to supporting AI innovation in the public sector. The success of a public sector wide approach includes ensuring local government has a seat at the table in national AI discussions and plays a role in shaping public sector AI guidance.

Furthermore, there is a need for proportionate governance support that is reflective of council size, risk profile, and the specific AI use case, whilst acknowledging the complexity of local government. Workforce training and skills development are crucial to effectively managing and utilising AI. Additionally, the potential threats posed by AI to local democracy and cyber security, such as deepfakes, emphasise the need for support to address these risks.

Supporting councils in AI innovation is another key area. The LGA called for a Local Government Centre for Digital Technology in its White Paper² ahead of the 2024 elections which would facilitate more investment in technology, skills development, scalable innovative pilots, and market shaping. Developing local government-specific testbeds for high-risk AI applications and tackling legacy IT systems and data quality issues are priorities to support sector growth in the use of AI in line with the findings of the National Audit Office report.

Collective purchasing mechanisms for AI products and fostering competition in the AI market, particularly for small and medium-sized enterprises (SMEs), are important considerations. We welcome the publication of the Department for Science, Innovation and Technology's (DSIT) AI Management Essentials standard for consultation but believe it should be mandatory across public sector procurement. Additionally, we recommend exploring mandatory third-party verification of AI products rather than relying on vendor self-assessment. However, we recognise that there are skills shortages in the UK for AI auditors which DSIT is seeking to address through the development of a pipeline.

AI can play vital role in government's ambitions for growth, driving productivity and efficiency if implemented effectively as outlined in the Government's Investment Strategy Green Paper. A report from Accenture, estimates AI technology could almost double the nation's long term growth rate by 2038.³ Local Government plays a key role in developing local innovative digital economies and is instrumental in fostering SME markets – particularly in the context of market concentration.

² <https://www.local.gov.uk/local-government-white-paper>

³ <https://www.accenture.com/gb-en/insights/gen-ai/generating-growth>

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Trust by communities in the use of AI will be key to ensuring the UK can unlock its potential. Residents across the country should play a role in shaping the AI revolution as envisaged in the plan, and local government, as leaders of place and community, could be instrumental in facilitating leading community conversations on the use of AI.

Digital inclusion is another important aspect. AI can be a tool for promoting digital inclusion, for example by providing more accessible technologies for people with disabilities, but digital needs careful consideration in the deployment and design of AI. We welcome the establishment of a new digital inclusion team within the DSIT Centre of Digital Government, and the Secretary of State recognising this as a key priority area. It is vital that local government's role in addressing digital exclusion, and AI deployment are a key part of this strategy and work is supported at a local government level to deliver consistent and well-resourced digital inclusion programmes.

We welcome the publication of the AI Opportunities Action Plan and its ambitious vision for the UK to become a world leader in the development and adoption of artificial intelligence. We are particularly encouraged by the plan's emphasis on investing in the foundations of AI, pushing for cross-economy adoption, and positioning the UK as an AI maker, not just an AI taker. Local government stands ready to support this vision and contribute to national prosperity by harnessing the transformative potential of AI to improve public services, drive economic growth in local communities, and enhance the lives of residents across the country. We believe that local government has a crucial role to play in each of the areas outlined in the Action Plan, and we look forward to working with the government to deliver on the recommendations.

Overall, our response calls for a comprehensive and co-ordinated approach to supporting AI innovation in local government. Investment, skills development, measures to address risks, promoting competition, and collaboration are all seen as crucial for councils to harness the potential of AI and deliver trustworthy, efficient, user centred and high-quality services that are responsive to local need.

Key recommendations

- **Local Government as a vital part of the public sector innovation ecosystem:** With the move to a Centre for Digital Government in DSIT, local government is often poorly understood and have specific challenges that are not mirrored in Whitehall or in other parts of the public sector. It is therefore vital that local government are represented on public sector wide strategic boards and represented in the delivery of the Opportunities Action Plan. Councils need their priorities and context to be integrated into public sector wide guidance developed to reduce the likelihood of duplication at public expense. Local government must also have equivalent access to training as civil servants. This will reduce duplication and save public funds.
- **Supporting local government innovation:** While there is significant early-stage innovative piloting of the use of AI in local government (as evidenced in the [LGA use case bank](#), [AI@Socitm](#), [LOTI resources](#) and [Local Digital programme](#)), local government requires investment to innovate - both to explore readiness for and the use of AI, particularly to address legacy systems debt, building staff capabilities and strengthening data foundations. Funding has been provided by the MHCLG Local Digital programme in recent years to support council digital innovation projects, and since ceased. Ongoing

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access to technologist support is key in the context of capacity and capability gaps as well as design pilots that facilitate collaboration across a number of councils to test the scalability of solutions. This financial support would be best delivered through a centralised mechanism, such as a Local Government Centre for Digital Technology (LGCDT). Measures must be taken to ensure that support addresses the digital divide within the sector.

- **Procurement, assurance, and open markets:** Responsible deployment is impossible without responsible development of AI, and clarity and transparency from vendors is vital in supporting councils to retain the trust of their communities. The assurance ecosystem must be mature, foster trust in technology, be mandatory for suppliers and involve external verification elements rather than self-assessment. An enhanced role for Public Buying Organisations (PBOs), such as Crown Commercial Services and other local government led PBOs should be considered in consultation with local government information and cyber security specialists. If more assurance were done centrally, this would save resources and capacity for councils as buyers, and for vendors. To address concerns regarding market concentration by a small number of suppliers, more must be done to foster competition, particularly for SMEs, and local government is seen as a vital vehicle for making this happen.
- **Digitally Enabled Communities:** As more services move online, and Government is encouraging the use of AI to improve productivity, digital inclusion must continue to be considered a strategic policy priority, and connectivity recognised as a fundamental driver to all digital transformation ambitions. In line with plans outlined in the Clifford Opportunities Action Plan, AI infrastructure must be considered in an integrated way with other forms of digital infrastructure plans and connectivity ambitions that the Government has. Central and local government must continue to collaborate to achieve shared connectivity objectives and on connected places. Recognising local authorities as key partners in driving connectivity ambitions and understanding the digital inclusion needs of their communities, government should prioritise and adequately resource local and hyper-local approaches. This will ensure digital inclusion is effectively integrated with broader digital transformation objectives. This is a vital part of fostering trust in digital and technology transformation and ensuring that everyone can benefit from the transformative power of AI across the UK.

1. Introduction and context

- 1.1. The LGA, Soctim, Solace, LOTI and iNetwork are pleased to respond to this call for evidence and have done so based on our engagement with councils. Since 2023, we have been meeting and collaborating as local government agencies to ensure we are joined up on sector support for AI: sharing intelligence, understanding of risks and opportunities, reducing duplication where possible and fostering collaboration for the benefit of councils in England. The LGA, Soctim and Solace co-developed local government positions in 2023: [a response](#) to the Government's White Paper 'A Pro Innovation Approach to AI Regulation' and [a submission](#) to the [Parliamentary Call for Evidence on Large Language Models](#). We continued this work throughout 2024 developing a joint response to DSIT's call for views on a [proposed code of practice for AI and cyber security](#).

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- 1.2. Local Government forms a significant part of the public sector, with £127.1 billion annual spend⁴ and a workforce of 1.32 million⁵ – second only to the NHS. Local Government is responsible for a range of vital services for people and businesses throughout England, interacting with every household at different points of the lifecycle. Services include support to the most vulnerable in our society through adult and children's social care, and housing, as well as schools, licencing, business support, registrar services and planning. As such, local government are data rich environments.
- 1.3. Councils are already facing severe budget constraints with cost and demand pressures rising faster than funding. While inflation has fallen steadily since its peak in 2022/23, significant cost and demand pressures remain in the system in services such as homelessness, children's social care, adult social care, and home to school transport. LGA analysis shows that by 2026/27 these pressures will have increased the cost of delivering services by 12.5 per cent since 2024/25, leaving councils facing a funding gap of £6.2 billion across 2025/26 and 2026/27 just to sustain services at 2024/25 levels.⁶ Extra funding for councils in the next financial year announced by the Government in December 2024, will help councils meet some, but not all, of the pressures.
- 1.4. These pressures are compounded by councils having absorbed a 22.2 per cent real terms reduction in core spending power from 2010/11 to 2024/25. MHCLG in its Local Government White Paper announced the move back towards multi-year funding settlements, after 6 years of on-year funding settlements in a row. This shift back to multi-year funding settlements is welcome news for a sector that has long advocated for long-term funding certainty. This move will provide a greater degree of stability for the delivery of essential services, ultimately benefiting residents by reducing the risk of service disruptions and ensuring the continued provision of vital support.⁷ However, with councils already implementing £24.5 billion in cuts and efficiencies, these measures alone are insufficient. Further action is necessary to ensure the long-term viability of local government services and their financial sustainability.
- 1.5. Councils are about to start a new financial year and will face extreme and unprecedented cost and demands. Both revenue and capital sources of finance are under enormous strain and councils have had to find huge efficiencies to set budgets. Councils of all political colours are starting planning for this next financial year in a precarious position and having to scale back or close a wide range of local services.⁸ In a recent survey of Chief Executives (October 2024)⁹, the LGA found that one in 10 councils have discussed the possibility of requesting exceptional financial support from MHCLG in 2024/25 financial year so far. The continued squeeze in public spending in the years ahead is a cause for concern for communities. The

⁴ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2024-to-2025-budget/local-authority-revenue-expenditure-and-financing-2024-25-budget-england>

⁵ QPSES - Q4 2023 - WORKING.xlsx (local.gov.uk)

⁶ <https://www.local.gov.uk/about/news/further-funding-cuts-councils-would-be-disastrous-urgent-funding-and-reform-needed#:~:text=LGA%20analysis%20shows%20that%20due,shortfall%20across%20the%20two%20years>

⁷ <https://www.local.gov.uk/about/news/lga-statement-provisional-local-government-finance-settlement-0>

⁸ <https://www.local.gov.uk/parliament/briefings-and-responses/local-government-finances-and-impact-local-communities>

⁹ <https://www.local.gov.uk/publications/council-finances-and-autumn-budget-2024-survey-chief-executives>

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consequences of this crisis are stark: declining service satisfaction, 1 in 4 councils will need emergency bailouts from Government¹¹, and there is potential for further cuts to vital community services. While council tax has risen slightly, it has not kept pace with inflation and the growing demand for services. In the wake of reducing budgets, councils have sought funding through competitive funding bids, which comprised a quarter of all funding streams to local government. Bids can cost up to £20-30,000 to complete and puts councils with less capacity to develop applications at a disadvantage.

- 1.6. Digital transformation forms an integral part of cost saving measures to enhance productivity, and to support councils to continue to deliver high quality services that meet the expectations of the communities they serve. The sector is therefore excited about the opportunities that AI promises within this challenging context if the risks can be effectively managed. Despite the challenging financial context facing local government, there is widespread innovative exploration of AI and other emerging technologies which could be enhanced significantly if councils received further support.

2. AI use in local government

- 2.1. In February 2024, the LGA surveyed councils in England, to understand current AI usage, future plans, perceived risks and opportunities, and support needs.¹⁰ In late 2024 the LGA undertook a follow up with all survey respondents to update results in line with recent developments with AI deployment in local government.¹¹ The results below integrate provisional findings from our updated survey.
- 2.2. **AI deployment and exploration:** The survey indicated that there is a positive outlook on AI adoption within the sector, with 91% of respondents indicating they are either using AI or exploring its potential. Only 9% had not begun exploring AI capabilities. This strong interest suggests a sector receptive to innovation and eager to leverage AI.

Generative AI (70%) was the most common type deployed by councils that responded to the survey, followed by prescriptive (29%), predictive (22%), simulation (2%), and "other" (19%).¹² The majority of applications were for internal council functions like HR, administration, procurement, finance, and cybersecurity. Adult social care and children's social care were the next most popular areas for AI use.

¹⁰ The survey had a 23% response rate, with 36 councils submitting responses, which is largely representative of the sector both in council type and regional spread. It is likely that those who were most engaged in discussions regarding the potential of the use of AI were most likely to respond.

¹¹ Survey response updates are still being submitted to the LGA to gain an updated understanding of AI adoption within the sector. Early indications suggest that councils are gradually progressing in their AI adoption efforts, with several councils reporting an increase in AI capabilities and readiness, and more mature governance arrangements. These findings align with our observations from engaging with councils, who are actively developing AI governance frameworks and integrating AI technologies into their service delivery. This is further evidenced by the expansion of our AI Use Case Bank, which now features 16 diverse use cases from across local government.

¹² Defined as perceptive AI, such as systems that recognise faces and fingerprints, or try and analyse images, audio, or video, for example in the analysis of consultation responses or identifying car registration plates in the prevention of fly tipping. This includes sensing AI such as remote or continuous sensing through smart sensors; predictive AI, such as systems that try and make a prediction about an outcome for an individual, or try and assign people to appropriate service or system, for example predicting an outcome in services or assigning an adult social care treatment pathway; generative AI, such as systems that generate text or images, such as ChatGPT and DALL·E, and simulation AI, such as digital twins and agent based modelling.

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- 2.3. **Application of AI:** Most respondents (65%) procured AI through external suppliers, while 32% developed tools in-house. Many who developed tools utilised existing options like Microsoft Copilot Studio or ChatGPT Enterprise to customise products for council use.

Governance of freely available tools on personal devices (ChatGPT3.5, Gemini, DALL-E) varied. A small minority of those who responded (3%) banned these tools on council devices, while most permitted their use with or without limitations. Some councils restricted these tools in favour of corporate options like Microsoft 365 Copilot due to data security and information governance concerns.

- 2.4. **Use cases:** Councils are innovatively exploring various applications for AI across different service areas, including:

- Public-facing chatbots, for example in contact centres
- AI assistants for caseworkers, for example in social care or housing
- Image recognition to tackle fly-tipping and littering
- AI-enabled sensors in adult social care
- Generative AI tools for translation services and creating easy read documents
- Predictive analytics for falls prevention and homelessness prevention
- Cleaning datasets and removing duplicates
- Threat monitoring and cybersecurity (longstanding use)
- AI-enabled sensors in housing to reduce damp and mould
- HMO fraud analysis

The vast majority of respondents mentioned they are exploring or utilising Microsoft 365 Copilot to improve productivity and efficiency. For more information on uses of AI in local government, the LGA has developed a [use case bank](#) to facilitate shared learning within the sector and showcase innovative practices. [AI@Socitm](#) also features a growing set of local government AI case studies.

- 2.5. **Benefits and opportunities:** Staff productivity, service efficiency, and cost savings were the most commonly cited areas where respondents were already experiencing benefits from AI use, and where they see the biggest future potential.¹³ However, several councils acknowledged it is still too early to quantify the realised benefits and increasingly a rising number of councils are starting to critically explore the actual benefits of generative AI products and the value for money they are providing where they have already been embedded with benefits and opportunities not emerging as expected. [LOTI Resources](#) offer guidance for leaders, staff and CIOs on use of AI, as well as exploring opportunities for harnessing AI in services such as housing.
- 2.6. **Readiness:** Over half (59%) of respondents felt their council was very or fairly ready to adopt or continue to adopt AI in terms of technology (infrastructure, software, and cloud). This was followed by institutional culture (leadership and receptivity to change) at 47%, and policies and procedures (governance frameworks and risk management) at 44%. Workforce skills and expertise were identified as the biggest

¹³ For more information on published cost savings, please see Swindon's [AWS case study on translation services](#) and the [development of their easy-read product](#), and regarding staff productivity - [Microsoft's case study using Barnsley of Microsoft 365 copilot](#).

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area of unpreparedness (71% not very or at all ready), followed by data availability, quality, and storage (68%). The three biggest barriers to AI deployment cited were lack of funding, lack of staff skills, and lack of staff capacity.

- 2.7. **Governance:** Risk assessments for AI in local government will vary depending on the specific use case. Even within the same use case, there may be variations across councils due to factors like council culture, local needs assessment, leadership direction, and existing risk matrices. This is evident in the differing approaches to staff access to large language models and other freely available generative AI tools.

Governance approaches for identified risks will depend on council size and existing governance structures. Currently, most councils manage AI use through existing policies (including information governance and data protection), existing boards (like data ethics boards), and measures like appointing a senior responsible owner and focusing on staff training and skills development. Some councils prefer issuing guidance over stricter usage policies. More mature councils have established AI boards for strategic oversight of AI products and applications, ensuring compliance with statutory duties like the Public Sector Equality Duty and UK GDPR. [AI@Socitm](#) shares cutting-edge research, templates, guidance, case studies, events, webinars and training, and facilitates groups and networks on a wide range of topics including governance.

- 2.8. **Supplier governance:** Many councils are currently auditing existing suppliers to assess AI use. 30% of survey respondents had a supplier policy or contract clauses requiring suppliers to declare AI use in service delivery to councils or residents. Only 31% lacked such a policy or clause, 27% of those had informal discussions with suppliers during contract management.
- 2.9. **Responsible, secure and ethical use of AI:** Deploying AI safely is a core consideration for many councils. 67% of survey respondents consider equity and fairness a moderate to great risk when using AI. Councils are utilising governance levers and policies to embed responsible secure and ethical use of AI, but only 5% have reported forming AI ethics boards and 5% data ethics boards.

3. AI support required

- 3.1. **Local Government as an integral part of the public sector innovation ecosystem:** Councils have a unique position within the public sector technological eco-system where – whilst holding information on every resident, exchanging data with nearly every branch of government, and enabling the economy in the places they serve – they have a pivotal role in driving forward technological progress in every part of the country.
- *Public sector governance:* We understand from the [National Audit Office \(NAO\) report](#), that there are several public sector wide boards without representation from the wider public sector. While we welcome a holistic public sector approach, local government must be represented on strategic boards and have the sector's unique challenges and opportunities understood, including the AI Strategy Implementation Board. Local Government must also play a key role in the delivery and implementation of the AI Opportunities Action Plan

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- *Regulatory clarity:* The current approach to AI regulation as outlined in the Pro-Innovation Approach to AI has created a confusing, duplicative and burdensome compliance landscape for local government to navigate. Responses to principles outlined in the White Paper by regulators, as requested by the previous Government, indicate a lack of coordination with gaps related to some principles and duplication of others. This fragmented approach from different agencies hinders innovation, stifles agility and places the burden on councils to navigate the complexity. Regulation needs to be coherent and coordinated to ensure that councils can confidently deploy AI and retain the trust of their communities. A centralised and proactive approach to regulation development with clear leadership by DSIT, is essential to ensure clarity and confidence across the sector and can foster more innovation.
- *Cross-societal risk monitoring:* Both the [Pro-Innovation Approach to AI](#) and the [Parliamentary Inquiry into Large Language Models](#) propose a cross-societal risk register that is inputted to by various sectors and disciplines, with a collaborative approach taken for mitigations. A centralised, cross-societal risk register to address AI-related challenges is vitally important. As frontline service providers, councils are acutely aware of the unique risks posed by AI within their communities. Local authorities must be consulted to ensure that risks are documented and mitigated. A comprehensive understanding of local-level risks is essential for effective AI regulation and governance.
- *Public sector guidance:* Local government priorities and needs must be factored into the production of public sector-wide guidance in recognition of their unique context, so the guidance can be truly public sector wide and to reduce duplication. It is challenging to understand how guidance being produced by different parts of Government, regulators and agencies fits together to ensure the best outcomes for the communities' councils serve.¹⁴ More clarity to navigate the guidance available and more of a focus on how it can be practically applied local government and place-based context would be helpful.
- *Proportionate governance:* Given that local government provides services to the most vulnerable in society, it is inevitable and appropriate that councils will come under scrutiny in how they are managing the associated risks with AI. If councils are to be able to realise the benefits and opportunities that AI provides given the challenges that exist within the sector, they must be supported to address those risks in an appropriate way relevant both to the use case and to the size and type of council. What is appropriate for one council, for example an AI scrutiny board, may not be appropriate for another council. Some risks and use cases will still require rigorous governance so if smaller councils do not have the capacity or the capabilities, they may have to choose not to use AI and forego its positive impacts. Given local government is made up of 317 different organisations with different risk appetites and local needs, if supported the sector could provide a key testing ground for

¹⁴ We recognise some of the great guidance that has been produced by central government and by leading research institutions, such as the Alan Turing Institute. We also welcome the collaboration with the Equality and Human Rights Commission and Information Commissioners Office on the development of integrated Public Sector Equality Duty and Data Protection compliance guidance for councils on the responsible buying of AI. We are also convening spaces where councils can share impact assessments and good practice to avoid duplication and save precious capacity.

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governance approaches with learning that can be shared elsewhere in the public sector.

- *Workforce*: It is crucial that investment is made to equip public sector workforces with the necessary skills and knowledge to manage and utilise AI effectively, including being able to evaluate the ethical and privacy considerations for its use, and to effectively implement and challenge the AI. The ‘workforce crisis’ that local government is experiencing can and should be tackled by targeted reform and support. This could include online courses, workshops and dedicated AI certifications for staff, as well as apprenticeships and community-based initiatives. The training available to civil servants should be made available to all public sector workers, including council staff. There needs to be long-term workforce planning and investment in digital and technology practitioners within the public sector. This could save considerable sums of money spent on consultants each year.
 - *Electoral integrity and security*: Local government plays a crucial role in securing elections and the potential threats posed by Artificial Intelligence (AI) to local democracy have not received enough attention nationally. Although there was some evidence of some deceptive use of AI in local, regional and national elections in 2024, this was very rare. However, the ability of AI to generate deepfakes and synthetic media poses a significant threat. Fabricated content can create sophisticated cyber threats, potentially impact on the outcome of elections, and ultimately erode trust in the democratic process. As technology advances, the threat from the use of deepfakes and synthetic media in the electoral process will only grow. Whilst local government will never be the sole focus for policy initiatives, the lack of clear progress nationally is also impacting the integrity of local elections. We require new national initiatives to address these issues, and these must be considerate of local and regional democratic needs.
- 3.2. **Supporting local government innovation**: Given the unique challenges that exist in local government, and the constitutional setup of 317 independent organisations operating as one sector, support should be tailored to the local government context and delivered through a centralised mechanism. This support should be financial and holistic - including investment in the technology itself, but also in skills and access to technologist support that is independent of suppliers, such as through the Incubator for AI (i.AI). It is important to note that local authorities operate at varying levels of digital maturity, with the resultant digital and data fragmentation leading to inefficiencies, duplicated efforts, inconsistent citizen services, and lower productivity levels.

The LGA firmly believes that holistic support is needed for local government to innovate with digital technology. Our recent [Local Government White Paper](#) calls for the establishment of a Local Government Centre for Digital Technology (LGCDT). The LGCDT will empower local authorities to harness the potential of digital technology, driving innovation, improving efficiency, and enhancing service delivery for communities across the UK. It will serve as a collaborative hub for local authorities, central government, industry experts, and community stakeholders to address the unique challenges and opportunities presented by the digital age. By fostering knowledge sharing, co-creating solutions, and driving collective action, the LGCDT

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will enable local authorities to overcome shared challenges and unlock new opportunities.

This approach would make it easier to share learning and innovations within local government with other parts of the public sector – something the Central Data and Digital Office (CDDO) is aspiring to do.¹⁵

- *Testbeds:* Supporting the development of local government-specific testbeds, particularly for higher risk applications of AI that will create the most significant return – such as adult social care. These higher-risk use cases could be facilitated and undertaken under regulatory supervision to support compliance with data protection and the public sector equality duty. The pilots could be evaluated for scalability to the sector at large from the outset to maximise impact.
- *Legacy debt and data foundations:* Given the breadth of services that councils provide to every citizen in the UK, councils hold a wealth of data on each resident. However, it is challenging for councils to ensure that systems and data are interoperable due to barriers by legacy suppliers and/or the high costs of APIs which significantly hinder digital transformation and AI deployment. Due to the challenges that councils face in accessing their data in legacy systems, and incentivising suppliers to utilise data standards, in line with the NAO report findings, we agree that updating legacy systems and improving data quality and access is fundamental to exploiting AI opportunities. Despite the advantages of cloud solutions, many councils still rely on on-premises systems. These systems present several challenges, including difficulty in updating and frequent modifications to suit individual organisational needs. Technology vendors generally favour cloud-based solutions due to their enhanced efficiency in updating and patching. However, the transition from on-premises to cloud environments can be costly for councils, creating a significant barrier to upgrading. We know from our engagement with councils that the need to improve data quality remains a key challenge in ensuring AI readiness across the sector. Of note in the NAO report is the CDDO remediation plans to tackle legacy IT systems. Similar plans must be drawn up and financially supported for local government with special attention given the challenges with accessing APIs from legacy suppliers.

The CDDO working with MHCLG, and local government representative agencies could facilitate this with councils – with wide-ranging benefits not only for AI adoption but also in strengthening cyber resilience in the sector, and wider digital transformation in local government. We welcome the proposal in the Opportunities Action Plan to develop AI tooling to clean up data sets across the public sector. Due to the paramount importance of retaining trust and the highest levels of data protection, a public sector specific tool could be designed by capabilities that already exist – such as the i.AI. The LGA is engaging with the i.AI to ensure local government needs and priorities are shaping tooling developed, and councils are participating in

¹⁵ There has been much discussion in the sector recently regarding a Local Government Digital Service, and what this could/should look like to support digital transformation in the sector. Whilst bigger than this proposal, this sandbox or lab could form a significant part of it. A centre for local government digital could play a pivotal role in reducing the digital divide, addressing public sector reform, and promoting economic growth if local government is funded and empowered to be more innovative, technologically inclusive, and sustainable.

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piloting.

- *Collective procurement*: Providing a mechanism for the collective purchasing of AI products that numerous councils could use is vital. A key function of the LGCDT will be an intelligent procurement operation. This function will analyse technology markets, facilitate collective bargaining, and enable councils to collectively procure products and services, addressing market failures and improving value for money. This approach will foster innovative procurement practices that promote localised economic growth and productivity. This would save public funds and foster collaboration between councils, and local government with other parts of the public sector. This could also ensure strong cyber security; data protection and ethical standards are created at a sector level. The i.AI in No.10 also provides an opportunity through the development of tools and products that can be utilised by the public sector. However, local government needs, priorities, and context must be factored into their pipeline.
- *Building public trust*: Public trust in the ethical use of personal data is low. The 2024 Public Attitudes to Data and AI tracker survey revealed that only 34% of respondents felt they had control over their personal data and its usage. Furthermore, only 40% believed organisations were held accountable for data misuse. Notably, government entities were among the least trusted when it came to managing personal data, garnering a trust score of just 38%, significantly lower than the NHS which scored 85% in relation to public trust. Local government is the front line of government service delivery for communities and therefore will bear the brunt and burden of the negative impacts caused by any loss of trust.

Trust is earned over time through trustworthy, open practices which include transparent uses of AI and meaningful public engagement to understand public concerns and in co-designing solutions. As frontline public service providers, councils play a crucial role in fostering public trust in AI. Local government is uniquely positioned to facilitate meaningful public engagement, with councillors serving as integral members of their communities and local democracy providing a platform for amplifying resident voices. To this end, robust public engagement strategies are essential. Recognising this importance, many local authorities are already pioneering citizen engagement initiatives in AI. For example, Camden Council has developed a data charter¹⁶, while Manchester City Council has established an AI People's Panel.¹⁷ These initiatives aim to enhance citizen understanding of AI and inform the council's responsible use of this technology. Public engagement can be resource-intensive, but it is crucial for building and maintaining public trust. More must be done to support this vital work, and innovative approaches by councils should be elevated, promoted, and learnt from. Additionally, more support should be provided to equip councils with the necessary resources to effectively engage with residents on AI.

- 3.3. **Procurement, assurance and open markets**: There is a well-documented risk that AI provision is set to be highly concentrated among a very small number of global technology companies.¹⁸ Market concentration and lack of competition can lead to

¹⁶ <https://www.camden.gov.uk/data-charter>

¹⁷ <https://www.mmu.ac.uk/research/research-centres/cfacs/projects/gm-people-panel-ai>

¹⁸ We note the [Competition and Markets Authority recent update paper on risks associated with AI foundation models](#).

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high costs with limited value, significant costs related to data sharing access such as APIs, a lack of improvements to the technology and service, and unsatisfactory security practices.¹⁹ There has been significant up-selling and marketing towards local government over the last two years by companies selling AI products, often leveraging existing contracts and relationships. Without sufficient skills across the sector and an immature assurance ecosystem regarding AI, there are continued challenges in identifying genuinely beneficial products or in assuring the trustworthiness of products and vendors.

- *Open markets:* To address concerns regarding market concentration by a handful of global companies, more must be done to foster competition, particularly for SMEs, and local government recognised as a vital vehicle for making this happen. The Procurement Act 2023 provides a unique opportunity to foster the work of SMEs and work preventatively on market concentration. This legislation introduces measures to streamline procurement for smaller businesses and enhance transparency through the development of a central digital platform. This platform presents a valuable opportunity to develop and integrate assurance measures centrally, potentially through collaboration with the new Procurement Review Unit (PRU).
- *Local government and anti-competitive practice:* Government and the Competition and Markets Authority should be considering market concentration and anti-competitive practices more comprehensively, with consideration given to the long-term impact on public finances and service delivery.²⁰ More should be done to understand the local government market challenges that already exist with key vendors in local government and how these interact with the AI ecosystem.
- *AI Management Essentials:* We welcome the consultation launch of AI Management Essentials (AMIE) by the Department for Science, Innovation and Technology (DSIT). As a government standard that is built on existing international standards and aligned with the UK regulatory principles, this will provide clarity particularly if made mandatory across public sector procurement. If not made mandatory, councils will likely incur the same challenges experienced in cyber security resulting in a cluttered, duplicative, and confusing space that fails to foster trustworthiness in supply chain security. Given a core aim of AIME is removing duplication, it is crucial that there is clarity on the connection between AIME and other frameworks that exist in DSIT, such as the Software Code of Practice.
- *External verification:* A challenging aspect of assurance in local government is that councils often have to undertake the assurance themselves, which results in multiple varying approaches to due diligence between councils, asking suppliers or vendors the same questions with no third-party assurance. It is vital therefore to save capacity both of council officers, and vendors (particularly SMEs), that assurance has mandatory third-party verification, and this is trusted by public sector buyers.

¹⁹ Local Government uniquely already has several service areas where there is market dominance by a small number of suppliers. This includes planning, elections, adult, and children's social care case management systems, and in the delivery of revenues and benefits.

²⁰ The Parliamentary Inquiry into Large Language Models warned against a limited supplier LLM market and recommended fostering competition, particularly for UK SMEs. It also suggested collaboration between Government and the Competition and Markets Authority to achieve this. For more info, please see [the LGA policy brief](#).

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However, we recognise the supply gap that exists for AI auditors in the UK, and welcome DSIT's role in increasing trusted third party auditors.²¹

- *Role of Public Buying Organisations (PBOs):* There is also a vital role for PBOs such as Crown Commercial Services (CCS) and local government led organisations to undertake more coordinated assurance and verification on behalf of councils purchasing through their framework agreements. This would not only streamline the process but also significantly reduce the resource burden on both councils (as buyers) and vendors. Standardised cyber and information security across core frameworks would also make it easier to assess like for like across competitors.

- 3.4. **Digitally enabled communities:** Digital inclusion is the ability of individuals and communities to access, use and benefit from digital technologies. Local Government plays a key role in driving digitally enabled communities, to ensure that all residents possess the essential basic digital skills and knowledge and have access to reliable and affordable internet connectivity and devices. This is crucial in today's increasingly digital society where accessing essential services like banking, participating in democratic processes, applying for jobs, and receiving benefits increasingly relies on digital and online platforms. Digital skills, equipment and reliable digital connectivity are crucial to enable people to fully participate in society, particularly digitally enabled services and the economy.

Individuals must be able to access the internet whilst also having the motivation, confidence, and skills to thrive online. Without access to good and affordable connectivity, the potential £9.48 return for every £1 invested in digital inclusion initiatives will be hindered.²² Better connectivity is a vital driver by connecting underserved communities and ensuring that everyone can benefit from digital transformation.

Councils play an important role in tackling digital exclusion. Councils know their communities best and have the responsibilities, relationships, and assets to play a key role in encouraging older, vulnerable, and disadvantaged households to get online. Functions, such as children's services, adult social care, adult education, business support and libraries, all have contact with people who may be digitally excluded. Councils run initiatives to tackle digital exclusion such as offering programs that enhance digital literacy and refurbish used devices for residents in need, ensuring they have access to essential technology. Councils also have well established relationships with local voluntary and community sector organisations which are an effective channel to socially excluded groups.

Central government has recently renewed its prioritisation of digital inclusion, with a new focussed digital inclusion team established within DSIT. The local government sector welcomes this investment and is working with the central government team to support the establishment of a long awaited re-refresh of a credible strategy for tackling digital exclusion, the lack of which was highlighted in the House of Lords

²¹ https://assets.publishing.service.gov.uk/media/672a2ca440f7da695c921b7c/Assuring_a_Responsible_Future_for_AI.pdf

²² <https://www.goodthingsfoundation.org/policy-and-research/research-and-evidence/research-2024/digital-inclusion-uk-economic-impact>

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Digital Committee report on digital exclusion.²³ AI can play a crucial role in promoting digital inclusion by providing more accessible and inclusive technologies for individuals with disabilities. Features such as voice recognition, text-to-speech, and image recognition that can help individuals with visual or hearing impairments hold significant promise for councils, with the potential to streamline processes, improve efficiency, and deliver better services. However, the more digital transformation that occurs without effective digital inclusion support and inclusive connectivity, the more at-risk residents are of being unable to access services and participate in their local communities. In the UK, there are an estimated 2.1 million offline adults, with 19% of universal credit recipients reporting “low” or “very low” digital capability.²⁴ A key benefit of reducing digital exclusion is productivity and economic growth²⁵, with a reported potential of £1.4bn in efficiency savings and £483m in tax revenue in a digitally included society where everyone meets the essential digital skills.²⁶

- *Role of local government:* Councils play a key role in addressing digital inclusion in communities, particularly as they interact with the most vulnerable people in our society. Central government must support councils to deliver this work through digital inclusion officers and funding for initiatives in collaboration with the voluntary and community sector. Where programmes do exist, councils are leveraging opportunities through social value clauses and various pots of project-based funding, combined authority support or in exceptional circumstances, core funding. There are many councils across England that do not currently have the capacity to deliver digital inclusion work, which is leading to disparities for communities needing digital inclusion support.²⁷ and will, in turn, hold back the ability of residents and business to use AI enabled services.
- *Strategic priorities:* Government needs to ensure digital inclusion is a continued strategic policy priority, publishing an updated strategy on inclusion. Government must collaborate with councils on how this work can be supported and delivered locally given the access local government has to the most vulnerable in society.
- *Connectivity:* Digitally enabled communities are essential to both digital inclusion and the use of AI in government. In line with plans outlined in the Clifford AI Opportunities Action Plan, AI infrastructure must be considered in an integrated way with other forms of digital infrastructure plans and connectivity ambitions that the Government has. Local authorities are partners in achieving national digital connectivity goals. They need to be empowered, resourced and supported to overcome challenges and drive progress, which includes funding for extra capacity and skills development, as well as more constructive mechanisms for convening national Government and bodies such as Ofcom, regional networks/bodies (through combined authorities where they exist or other channels), local authorities at all levels, and industry so national ambitions can also be responsive to local needs.

²³ <https://publications.parliament.uk/pa/ld5803/ldselect/ldcomm/219/21902.htm>

²⁴ [231122-lloyds-consumer-digital-index-2023-report.pdf \(lloydsbank.com\)](#)

²⁵ [House of Lords - Digital exclusion - Communications and Digital Committee \(parliament.uk\)](#)

²⁶ [The economic impact of digital inclusion in the UK \(goodthingsfoundation.org\)](#)

²⁷ [The role of councils in tackling digital exclusion | Local Government Association](#)

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