



Ministry of Housing,
Communities &
Local Government

Local Government Finance

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Working closely with you, we've provided over £7bn in COVID support this financial year

£2.8bn cash increase in core spending power for 2020-21.

A comprehensive package of COVID support:

- £7.2bn of funding, £4.6bn unringfenced on the COVID relative needs formula,
- £6.2bn of cashflow support,
- a sales, fees and charges scheme covering 75% of losses over 5%,
- a tax guarantee scheme offsetting 75% of irrecoverable council tax and business rates losses. Spread deficit in 1/3rds, and
- for those local authorities with unmanageable pressures, an exceptional support scheme.

We have also supported other government departments in working with you.



This year's settlement delivers £2.2bn additional funding, a 4.5% cash terms increase

This year's settlement proposes:

- an additional £1bn for social care,
- a new round of New Homes Bonus allocations worth £622m,
- a new Lower Tier Services Grant,
- a one-off minimum funding floor worth £25m,
- A package of referendum principles including: a core principle of 2%, or £5 for districts, and a 3% adult social care precept which can be spread,
- a £4m increase to the Rural Services Delivery Grant, and
- an increase in line with inflation for other council services through the core settlement.

Reforms paused.

The spending review announced reform of the PWLB and a 100 basis point cut in PWLB rates.



We've also announced measures worth £3bn to meet COVID pressures

Alongside the settlement, we confirmed further COVID support for 2021-22:

- £1.55bn of further unringfenced grant, distributed according to the COVID relative needs formula,
- £670m of further grant targeted at pressures on Local Council Tax Support schemes,
- extension of the sales, fees and charges scheme for 3 months, and
- apportionment of irrecoverable lost tax income in 2020-21, worth an estimated £800m

There will be regular financial monitoring.

We will continue to support the sector and keep this package under review.



- consultations on the settlement and COVID-19 package close on 16 January
- aiming for a final settlement in February
- payment of second round of SFC losses in February
- Chancellor has announced the Budget will be on 3 March
- payment of COVID and LCTS (dependent on allocation methodology) grants in April
- claim for third round of SFC losses in April with payment in May
- provisional claim for 2021-22 SFC losses in July with payment in August
- spending review
- final local tax income guarantee payments



This presentation:

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COVID consultation:

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