

MHCLG May financial information survey – breakdown of results

Introduction

The LGA is working with the Government to ensure that all councils have the funding they need to do whatever it takes to keep supporting communities, local economies, the care sector and health service during the COVID-19 crisis.

In order to provide the most robust evidence to government on the financial challenges they face, councils have been completing detailed monthly returns to the Ministry of Housing, Communities and Local Government. £3.2 billion of emergency funding from government has helped meet extra cost pressures and lost income in the past three months.

Councils are legally obliged to set and deliver a balanced budget. Certainty around further funding and financial flexibilities is desperately needed so councils can deliver balanced budgets this year and take vital decisions about how to pay for vital local services next year.

The LGA's analysis of the latest returns, which we are publishing today, further show that

- In addition to the welcome grant funding announced so far, councils could need as much as £6 billion more to cover the costs of coping with the coronavirus pandemic during this financial year. This figure will need to be kept under review. The MHCLG survey asked councils to assume things return to normal from the end of July. If councils have used this assumption in their returns, then this figure could rise.
- Around 60 per cent of the financial challenge related to lost tax income (council tax and business rates) and non-tax income (mostly sales, fees and charges). The rest would be needed to cover extra cost pressures as a result of the pandemic.
- Different councils will face a different mix of pressures, but overall the majority of the cost pressures (and the largest part of the spending of the £3.2 billion grant) is related to adult social care.

The LGA remains clear that all councils will need further funding and financial flexibilities in the weeks and months ahead to meet ongoing COVID-19 pressures and to keep services running normally and compensate for lost income.

Technical notes

Data used in the analysis has been taken without any adjustments from the responses submitted by councils to MHCLG, with two exceptions:

- Business rates cash loss figures have been adjusted to net off the loss attributable to COVID-19 reliefs, as councils were asked to report on a gross basis. Not doing so would have resulted in double-counting of around £6 billion.
- In two-tier areas, district councils were asked to account for the full impact of non-collected tax, including the county share, while counties were asked to report £0. We have made adjustments to assign part of that cash loss to county councils. For council tax, this was based on the relative share of county precepts in council tax bills in each district area. On business rates, standard 50% retention-based tier splits were used to allocate a share of the districts' business rates to the counties.

In this dataset, the billing authority figures still carry the tax loss impacts potentially attributable to other preceptors and the central share. Any solution to this specific aspect of the financial challenge will need to keep the impact on all the stakeholders in mind and until a solution is found, the billing authority carries the potential cash exposure in this year and future years.

Total financial challenge in 2020/21 (before grants)

Excludes councils not in sample

	Total projected cost pressures, 2020/21 £ million	Total projected income losses (non-tax), 2020/21 £ million	Total challenge before lost tax income £ million	Lost tax income (excludes COVID-19 reliefs) £ million	Total financial challenge (before grants), 2020/21 £ million
Total	3,626.61	2,661.41	6,288.02	2,853.71	9,141.73
Shire Counties	1,214.16	284.81	1,498.96	504.96	2,003.92
Unitary Authorities	782.46	599.82	1,382.28	588.81	1,971.09
Metropolitan Districts	757.80	629.79	1,387.59	441.82	1,829.41
London	682.49	548.75	1,231.24	890.80	2,122.05
Shire Districts	189.70	598.25	787.95	427.32	1,215.26
South East	601.84	434.50	1,036.33	395.07	1,431.40
South West	347.99	249.22	597.21	217.22	814.43
North West	489.82	450.27	940.09	154.72	1,094.82
North East	154.24	127.99	282.23	112.29	394.52
East of England	354.28	267.31	621.59	376.66	998.24
London	682.49	548.75	1,231.24	890.80	2,122.05
Yorkshire and the Humber	350.59	201.62	552.21	344.58	896.79
East Midlands	259.30	173.59	432.89	177.43	610.31
West Midlands	386.07	208.16	594.23	184.94	779.17

	Projected cost pressures as a share of the total challenge, 2020/21 %	Projected non-tax income losses as a share of the total challenge, 2020/21 %	Projected tax income losses as a share of the total challenge, 2020/21 %
Total	39.7%	29.1%	31.2%
Shire Counties	60.6%	14.2%	25.2%
Unitary Authorities	39.7%	30.4%	29.9%
Metropolitan Districts	41.4%	34.4%	24.2%
London	32.2%	25.9%	42.0%
Shire Districts	15.6%	49.2%	35.2%
South East	42.0%	30.4%	27.6%
South West	42.7%	30.6%	26.7%
North West	44.7%	41.1%	14.1%
North East	39.1%	32.4%	28.5%
East of England	35.5%	26.8%	37.7%
London	32.2%	25.9%	42.0%
Yorkshire and the Humber	39.1%	22.5%	38.4%
East Midlands	42.5%	28.4%	29.1%
West Midlands	49.5%	26.7%	23.7%

Total financial challenge in to date (before grants)

Excludes councils not in sample

	Total projected cost pressures, March-May 2020 £ million	Total projected income losses (non-tax), March-May 2020 £ million	Total challenge before lost tax income, March-May 2020 £ million	Lost tax income (excludes COVID-19 reliefs), March-May 2020 £ million	Total financial challenge (before grants), March-May 2020 £ million
Total	1,246.75	1,006.73	2,253.48	976.51	3,230.00
Shire Counties	351.85	111.62	463.46	139.16	602.62
Unitary Authorities	307.24	256.90	564.15	232.55	796.69
Metropolitan Districts	286.15	209.43	495.57	137.13	632.71
London	222.86	210.63	433.48	292.54	726.02
Shire Districts	78.66	218.16	296.82	175.14	471.96
South East	189.18	171.10	360.28	149.93	510.21
South West	132.95	99.01	231.97	83.86	315.83
North West	171.61	135.59	307.20	81.25	388.45
North East	52.61	49.78	102.39	37.32	139.71
East of England	119.58	102.19	221.77	111.38	333.15
London	222.86	210.63	433.48	292.54	726.02
Yorkshire and the Humber	133.47	75.46	208.93	101.96	310.88
East Midlands	94.46	78.29	172.76	70.42	243.17
West Midlands	130.03	84.70	214.73	47.88	262.61

	Projected cost pressures as a share of the total challenge, March-May 2020 %	Projected non-tax income losses as a share of the total challenge, March-May 2020 %	Projected tax income losses as a share of the total challenge, March-May 2020 %
Total	38.6%	31.2%	30.2%
Shire Counties	58.4%	18.5%	23.1%
Unitary Authorities	38.6%	32.2%	29.2%
Metropolitan Districts	45.2%	33.1%	21.7%
London	30.7%	29.0%	40.3%
Shire Districts	16.7%	46.2%	37.1%
South East	37.1%	33.5%	29.4%
South West	42.1%	31.4%	26.6%
North West	44.2%	34.9%	20.9%
North East	37.7%	35.6%	26.7%
East of England	35.9%	30.7%	33.4%
London	30.7%	29.0%	40.3%
Yorkshire and the Humber	42.9%	24.3%	32.8%
East Midlands	38.8%	32.2%	29.0%
West Midlands	49.5%	32.3%	18.2%

How councils have prioritised their share of the £3.2 billion

Excludes councils not in sample

	Adult social care	Children's social care	Education	Housing and homelessness	Highways and transport	Public health	Cultural services	Environmental and regulatory (incl death management)	Police, fire and rescue	Planning & development	Finance and corporate services	Other	Unallocated
Total	40%	8%	4%	4%	5%	1%	5%	5%	0%	1%	5%	18%	3%
Shire Counties	56%	7%	5%	0%	5%	0%	1%	4%	0%	0%	4%	16%	0%
Unitary Authorities	39%	8%	3%	4%	7%	1%	5%	6%	0%	2%	4%	19%	1%
Metropolitan Districts	38%	10%	4%	5%	3%	1%	6%	6%	0%	1%	4%	19%	4%
London	33%	9%	3%	9%	5%	1%	4%	5%	0%	1%	7%	21%	3%
Shire Districts	0%	0%	0%	12%	11%	0%	19%	8%	0%	5%	14%	18%	13%
South East	46%	6%	4%	4%	7%	1%	6%	4%	0%	2%	5%	13%	3%
South West	43%	6%	4%	4%	7%	1%	3%	6%	0%	2%	3%	21%	1%
North West	45%	9%	5%	5%	4%	1%	5%	5%	0%	0%	6%	15%	1%
North East	30%	8%	3%	1%	6%	0%	8%	4%	0%	4%	4%	15%	19%
East of England	42%	7%	3%	3%	5%	0%	4%	6%	0%	1%	4%	22%	2%
London	33%	9%	3%	9%	5%	1%	4%	5%	0%	1%	7%	21%	3%
Yorkshire and the Humber	39%	8%	5%	4%	2%	0%	9%	5%	0%	1%	5%	21%	1%
East Midlands	36%	7%	5%	2%	5%	0%	5%	7%	0%	1%	7%	20%	4%
West Midlands	40%	9%	3%	4%	5%	0%	5%	7%	0%	1%	4%	21%	1%

Projected cost pressures, FY 2020/21

Excludes councils not in sample

	Adult social care	Children's social care	Education	Housing and homelessness	Highways and transport	Public health	Cultural services	Environmental and regulatory (incl death management)	Police, fire and rescue	Planning & development	Finance and corporate services	Other	Total
Total	1,470.28	295.80	141.58	180.91	57.19	20.89	124.58	202.41	2.97	15.43	188.85	925.70	3,626.61
Shire Counties	660.16	110.28	63.88	5.21	28.96	4.13	4.98	51.70	2.26	1.43	38.05	243.13	1,214.16
Unitary Authorities	329.89	67.61	34.67	41.36	14.69	5.63	26.37	44.13	0.44	6.07	31.95	179.66	782.46
Metropolitan Districts	279.54	69.38	24.97	33.88	6.17	4.42	33.08	43.25	0.00	0.04	39.03	224.06	757.80
London	199.75	48.54	18.07	61.05	7.02	5.38	16.48	44.17	0.27	6.38	46.59	228.81	682.49
Shire Districts	0.95	0.00	0.00	39.41	0.35	1.34	43.68	19.16	0.00	1.53	33.23	50.04	189.70
South East	268.32	51.13	31.91	27.82	15.86	3.13	20.28	27.76	1.06	0.38	27.41	126.77	601.84
South West	163.46	28.57	16.00	14.36	8.11	3.22	10.17	18.45	0.27	1.71	10.99	72.69	347.99
North West	218.41	40.21	12.32	20.79	9.55	3.39	24.97	23.33	0.06	0.81	36.92	99.07	489.82
North East	64.44	15.20	10.95	2.06	2.15	0.22	5.13	9.50	0.20	3.81	3.10	37.49	154.24
East of England	162.78	29.20	8.99	13.54	3.68	1.20	5.09	20.55	0.67	0.68	15.83	92.09	354.28
London	199.75	48.54	18.07	61.05	7.02	5.38	16.48	44.17	0.27	6.38	46.59	228.81	682.49
Yorkshire and the Humber	118.10	28.68	17.72	13.65	2.36	1.02	17.33	14.67	0.00	0.06	10.02	126.99	350.59
East Midlands	102.46	23.30	10.03	7.06	3.31	1.40	12.65	17.60	0.26	1.00	20.31	59.93	259.30
West Midlands	172.58	30.97	15.58	20.59	5.15	1.95	12.49	26.40	0.18	0.62	17.69	81.87	386.07

Projected cost pressures, March to May only

Excludes councils not in sample

	Adult social care	Children's social care	Education	Housing and homelessness	Highways and transport	Public health	Cultural services	Environmental and regulatory (incl death management)	Police, fire and rescue	Planning & development	Finance and corporate services	Other	Total
Total	529.97	75.41	34.24	63.14	22.27	9.29	47.49	102.14	4.68	1.87	85.57	270.79	1,246.84
Shire Counties	208.49	21.32	9.99	1.64	8.96	2.02	2.14	28.07	0.42	1.03	18.06	49.74	351.87
Unitary Authorities	134.38	20.88	7.07	17.16	7.20	2.73	11.62	22.02	1.71	0.25	17.36	64.90	307.28
Metropolitan Districts	118.69	22.20	11.48	11.27	2.80	2.87	10.86	22.00	0.01	0.01	19.66	64.33	286.17
London	67.91	11.01	5.69	15.86	3.08	0.98	6.94	21.76	1.82	0.26	13.48	74.06	222.87
Shire Districts	0.49	0.00	0.00	17.20	0.24	0.70	15.94	8.29	0.72	0.32	17.00	17.76	78.66
South East	93.77	7.14	6.62	11.44	5.36	1.64	10.21	13.19	0.22	0.84	13.54	25.21	189.19
South West	67.20	7.71	1.44	6.59	4.03	1.62	3.32	11.84	0.70	0.18	6.22	22.10	132.95
North West	71.83	9.76	6.39	8.61	4.16	2.78	6.82	11.43	0.13	0.05	17.69	31.98	171.64
North East	23.84	3.67	2.06	0.82	2.13	0.20	2.66	3.14	0.82	0.09	2.61	10.58	52.62
East of England	56.36	6.28	1.58	6.62	0.69	0.70	2.13	9.60	0.17	0.36	8.10	27.03	119.61
London	67.91	11.01	5.69	15.86	3.08	0.98	6.94	21.76	1.82	0.26	13.48	74.06	222.87
Yorkshire and the Humber	56.33	8.81	1.99	4.00	1.25	0.41	6.68	6.67	0.06	0.00	7.28	39.99	133.47
East Midlands	34.65	9.55	2.32	3.05	0.70	0.31	4.71	8.27	0.54	0.01	11.17	19.18	94.46
West Midlands	58.09	11.49	6.13	6.15	0.87	0.64	4.02	16.24	0.23	0.09	5.46	20.63	130.02

Total projected income losses for 2020/21 - absolute numbers

	Retained business rates (less COVID-19 reliefs)	Council tax	Sales fees and charges	Commercial income	Other	Total projected income losses
	£ million	£ million	£ million	£ million	£ million	£ million
Total	1,163.61	1,690.10	1,807.36	624.25	229.80	5,515.12
Shire Counties	25.98	478.98	168.23	58.71	57.87	789.77
Unitary Authorities	192.21	396.60	442.40	125.17	32.25	1,188.63
Metropolitan Districts	135.59	306.22	304.77	259.71	65.30	1,071.60
London	558.27	332.54	452.57	65.91	30.28	1,439.56
Shire Districts	251.56	175.76	439.39	114.75	44.11	1,025.57
South East	89.34	305.73	298.10	103.23	33.17	829.57
South West	54.47	162.76	197.34	31.23	20.65	466.45
North West	-27.84	182.56	165.64	219.16	65.47	604.99
North East	36.35	75.94	96.78	14.62	16.59	240.28
East of England	155.23	221.42	176.22	70.46	20.63	643.96
London	558.27	332.54	452.57	65.91	30.28	1,439.56
Yorkshire and the Humber	151.33	193.25	155.65	32.76	13.21	546.20
East Midlands	78.08	99.35	128.84	33.88	10.87	351.02
West Midlands	68.39	116.56	136.22	53.00	18.94	393.10

Projected income losses for 2020/21 - breakdown by source

As share of the total projected income losses				
	Retained business rates (less COVID-19 reliefs)	Council tax	Total local taxation	Non-tax
	%	%	%	%
Total	21%	31%	52%	48%
Shire Counties	3%	61%	64%	36%
Unitary Authorities	16%	33%	50%	50%
Metropolitan Districts	13%	29%	41%	59%
London	39%	23%	62%	38%
Shire Districts	25%	17%	42%	58%
South East	11%	37%	48%	52%
South West	12%	35%	47%	53%
North West	-5%	30%	26%	74%
North East	15%	32%	47%	53%
East of England	24%	34%	58%	42%
London	39%	23%	62%	38%
Yorkshire and the Humber	28%	35%	63%	37%
East Midlands	22%	28%	51%	49%
West Midlands	17%	30%	47%	53%

Total projected income losses for March, April and May - absolute numbers

	Retained business rates (less COVID-19 reliefs)	Council tax	Sales fees and charges	Commercial income	Other	Total projected income losses
	£ million	£ million	£ million	£ million	£ million	£ million
Total	469.92	506.60	729.56	198.12	79.05	1,983.25
Shire Counties	11.82	127.34	69.05	22.07	20.50	250.78
Unitary Authorities	101.27	131.28	197.68	42.93	16.30	489.45
Metropolitan Districts	49.07	88.06	125.72	69.33	14.37	346.56
London	185.70	106.84	171.75	25.78	13.10	503.16
Shire Districts	122.06	53.08	165.36	38.01	14.78	393.30
South East	59.19	90.74	126.80	33.42	10.88	321.03
South West	32.76	51.10	78.38	14.43	6.21	182.87
North West	20.95	60.30	69.60	49.08	16.91	216.84
North East	14.63	22.69	35.58	7.21	6.99	87.10
East of England	52.05	59.33	70.81	19.42	11.96	213.57
London	185.70	106.84	171.75	25.78	13.10	503.16
Yorkshire and the Humber	47.02	54.94	59.56	10.79	5.11	177.41
East Midlands	38.90	31.52	56.12	18.16	4.01	148.71
West Midlands	18.73	29.14	60.98	19.82	3.91	132.58

Projected income losses for March, April and May - breakdown by source

As share of the total projected income losses				
	Retained business rates (less COVID-19 reliefs)	Council tax	Total local taxation	Non-tax
	%	%	%	%
Total	24%	26%	49%	51%
Shire Counties	5%	51%	55%	45%
Unitary Authorities	21%	27%	48%	52%
Metropolitan Districts	14%	25%	40%	60%
London	37%	21%	58%	42%
Shire Districts	31%	13%	45%	55%
South East	18%	28%	47%	53%
South West	18%	28%	46%	54%
North West	10%	28%	37%	63%
North East	17%	26%	43%	57%
East of England	24%	28%	52%	48%
London	37%	21%	58%	42%
Yorkshire and the Humber	27%	31%	57%	43%
East Midlands	26%	21%	47%	53%
West Midlands	14%	22%	36%	64%