

The 2022/23 Provisional Local Government Finance Settlement

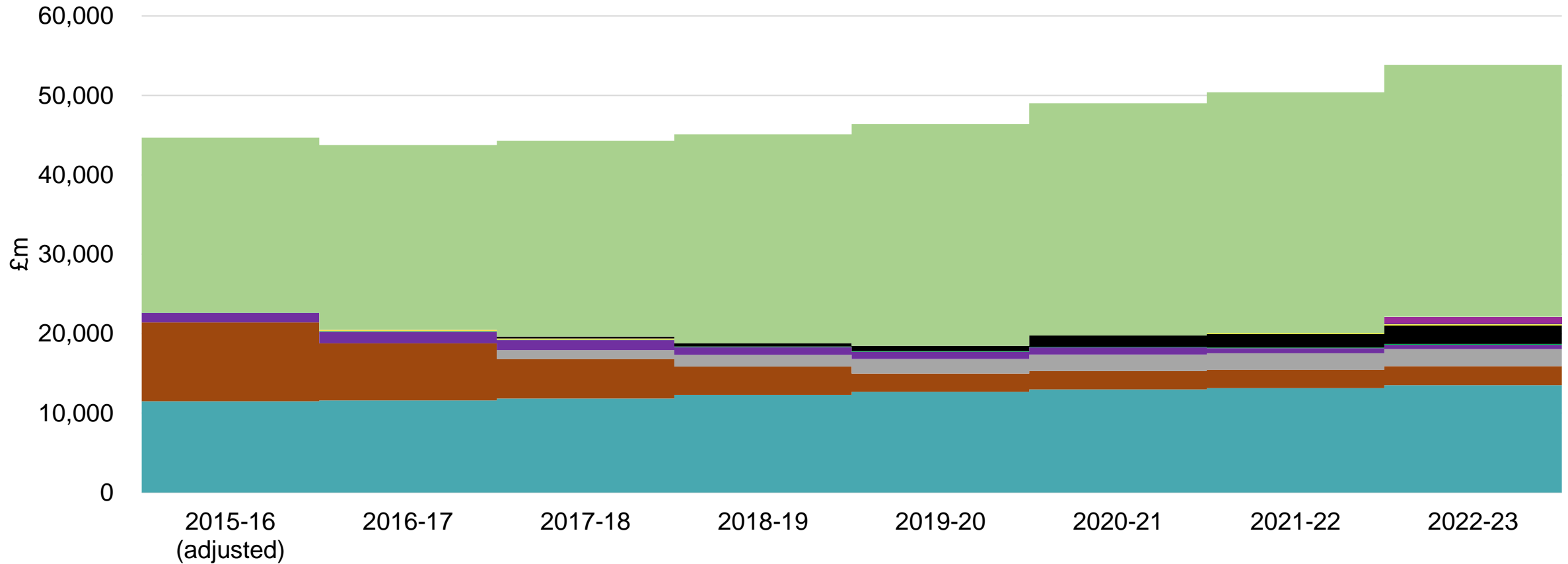
LGA Annual Local Government Finance Conference
January 2022

Nicola Morton, Head of Local Government Finance

13 January 2022

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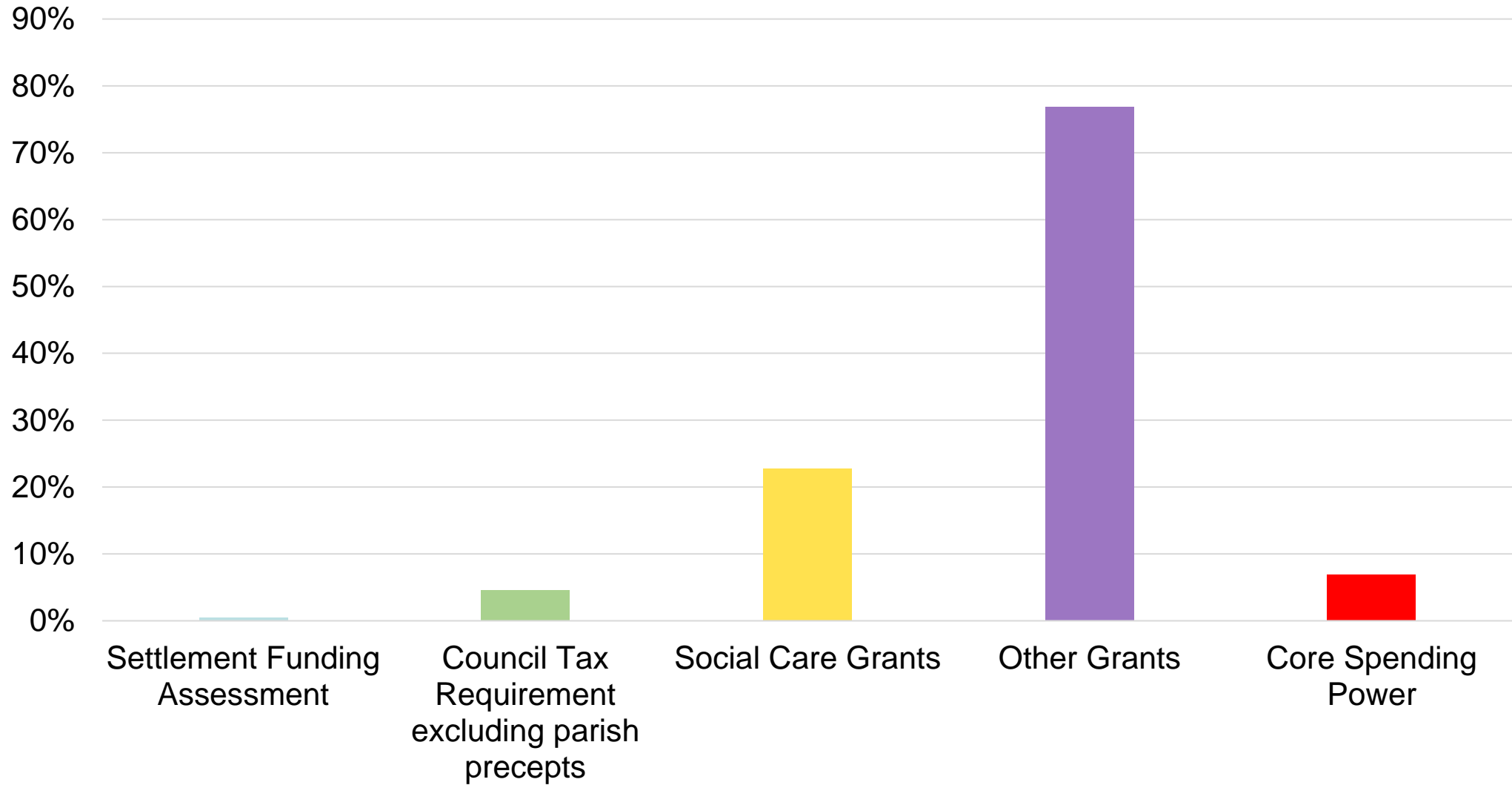
Core Spending Power 2015-2022



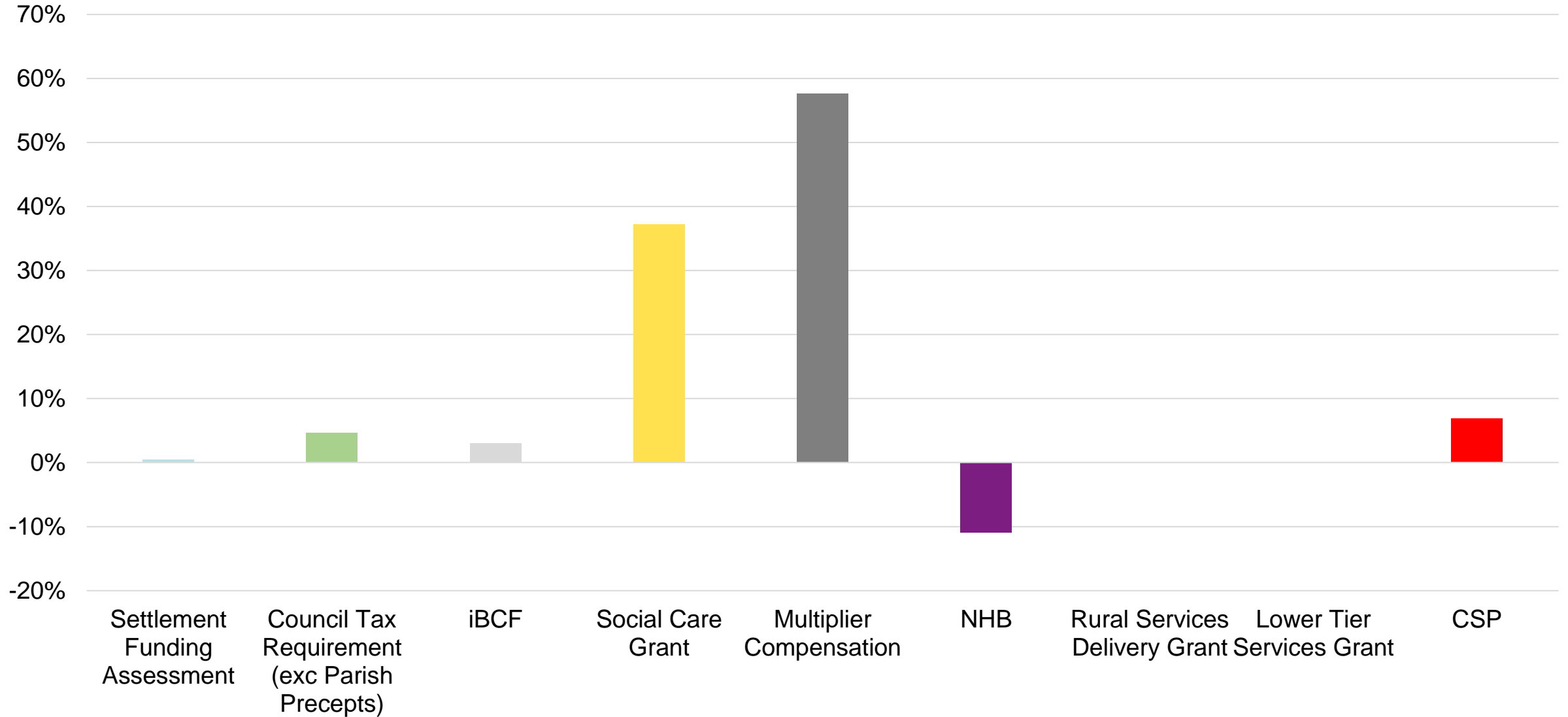
- Business Rates Baseline (including comp)
- Improved Better Care Fund
- Rural Services Delivery Grant
- Other social care grants
- Market Sustainability and Fair Cost of Care Grant
- Council tax

- Revenue Support Grant
- New Homes Bonus
- Transition grant
- Lower Tier Services Grant
- 2022/23 Services Delivery Grant

Change in Core Spending Power in 2022/23 + 6.9%



Change in Core Spending Power in 2022/23 (existing elements)



2022/23 Core Spending Power – Grants and SFA

One-off Services Grant £822 million

One off grant to support all services (unringfenced)

Distributed using local authority shares of 2013-14 Settlement Funding Assessment (SFA)

Lower Tier Services Grant £111 million

£91 million distributed using shares of 2013-14 lower tier funding Settlement Funding Assessment

£21 million so that no shire district sees a reduction in CSP

Social Care Grants £4,648 million

£2.3 billion to support social care
£1.7bn retained from 2021-22 and £636m new money

£2.1 billion of improved better care fund (iBCF)

£162 million Market Sustainability and Fair Cost of Care Fund

New Homes Bonus (NHB) £554 million

A reduction of £68 million in 2022/23

No increase to threshold (stays at 0.4%).

No legacy payments in respect of 2020/21, 2021/22, on 2022/23

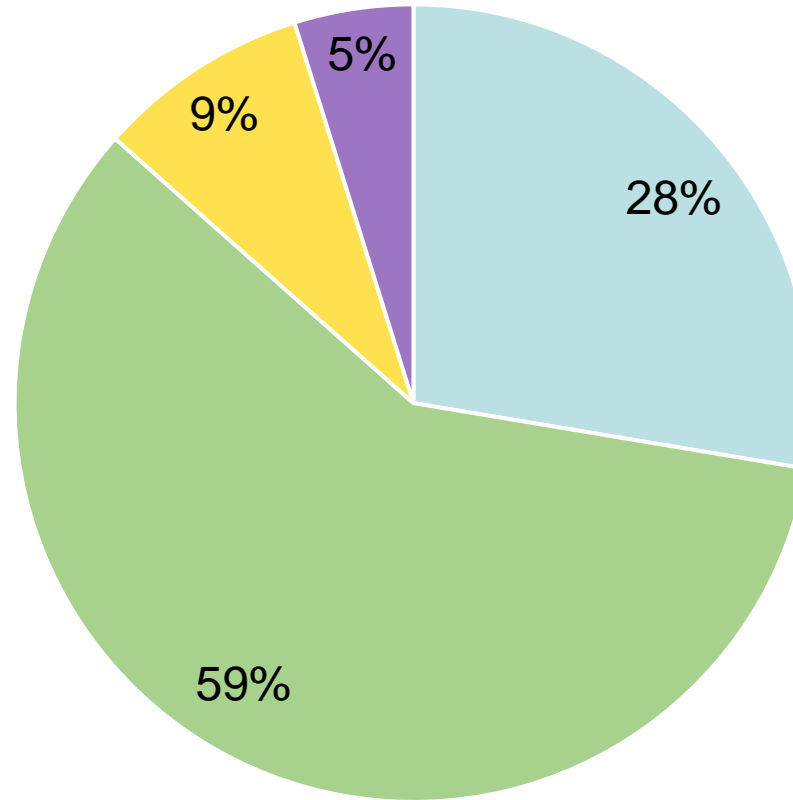
Other £15,992 million

£85m Rural Services Delivery Grant

£1bn compensation for under-indexing the business rates multiplier

£14.8 billion SFA. Revenue Support Grant to increase by CPI, baseline funding level unchanged

2022/23 Core Spending Power Breakdown



- Settlement Funding Assessment
- Council Tax Requirement
- Social Care Grants
- Other Grants

Council Tax Referendum Principles

ASC precept: up to
1% flexibility, plus any
unused 2021/22

Shire districts:
the higher of £5 or 2%
Band D

Awaiting proposals
on the GLA
referendum principle
– Mayor considering
approach to future
TfL Funding

2% general
referendum limit

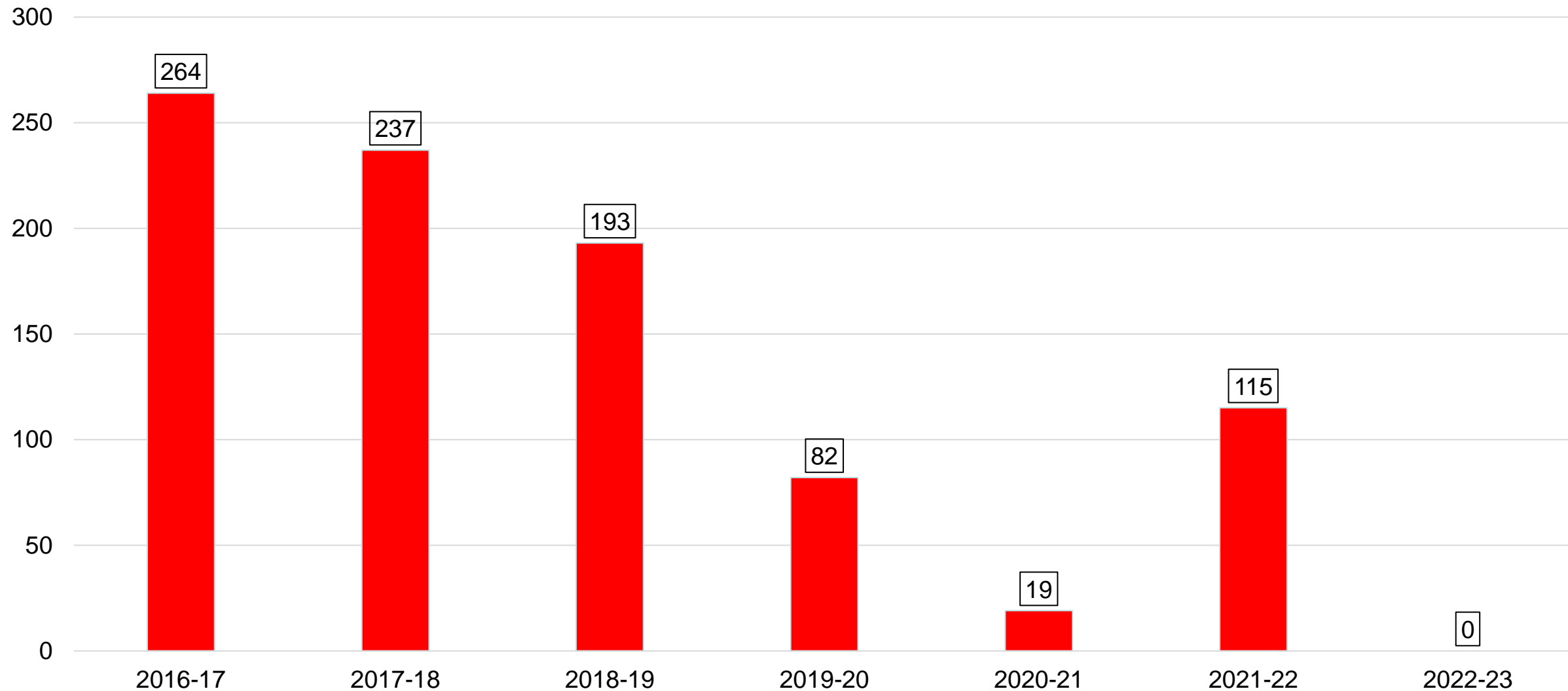
2% for most Fire
Authorities, £5 for
the 8 with the lowest
council tax level

Mayoral Combined
Authorities and Town
and Parish Councils - no
referendum principles

£10 for Police
and Crime
Commissioners

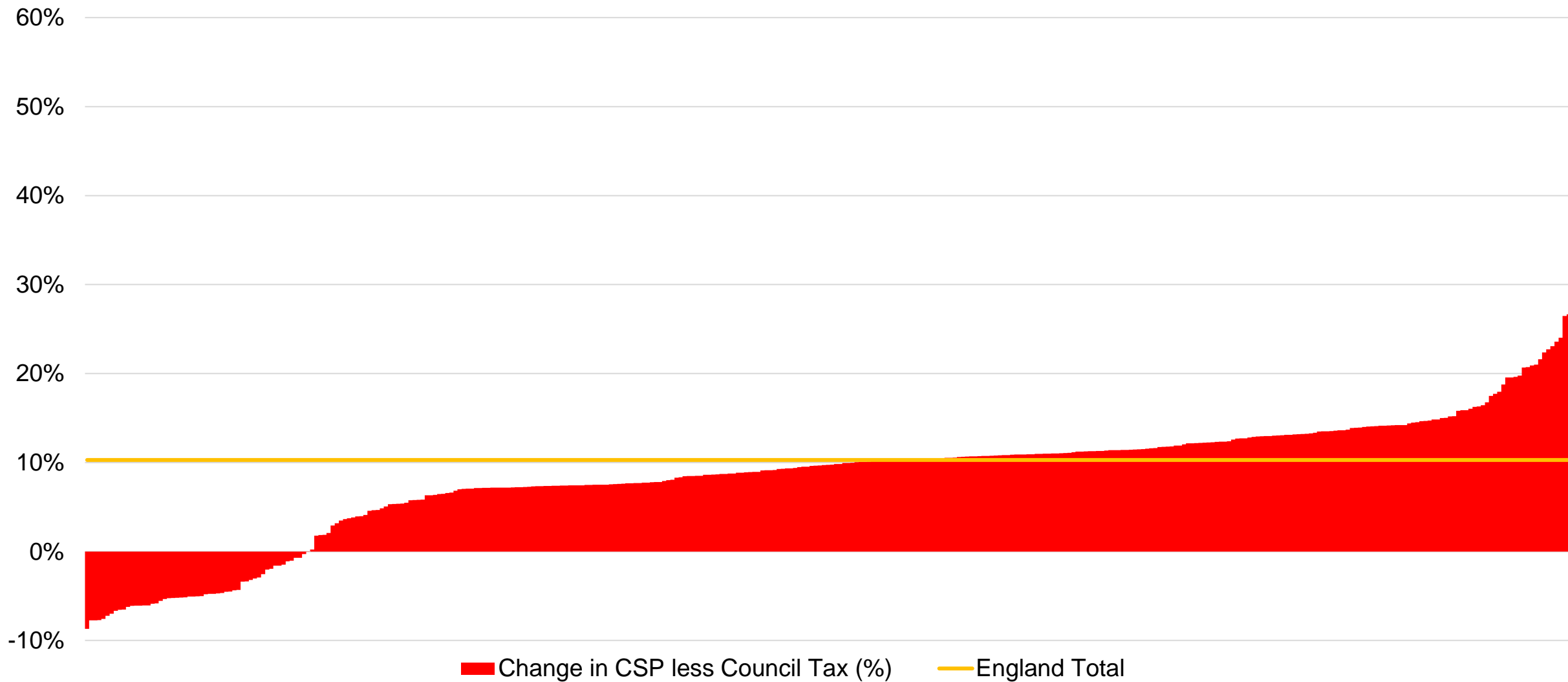
Authorities with reduced Core Spending Power

Number of Authorities with reduced Core Spending Power compared to the previous year



Change in Core Spending Power less council tax (%)

Change in Core Spending Power less Council Tax for Local Authorities in England for 2021/22 to 2022/23 (%)



Welcome 6.9% increase in Core Spending Power

However, this assumes every local authority will raise council tax by the maximum permitted which could place a significant burden some households

Increasing council tax raises different amounts of money in different parts of the country, unrelated to need

It does not address existing pressures or future need

LGA Key Messages (2)

Keep the costs and income losses due to COVID-19 under review and fund in full

Publish public health allocations as soon as possible

Provide clarity on which local government funding reforms will happen and the need for transition

Fourth one-year settlement in a row; continues to hamper financial planning.
Need for a multi-year settlement

Closing date for responses to the settlement consultation is 13th January 2022

Please send us your responses and comments to lgfinance@local.gov.uk

Final Settlement – late January/early February 2021

Debate and approval in Parliament

Next major fiscal event is likely to be a Budget or Spring Statement in March

Local government finance reforms (Fair Funding Review, Business Rates Reset, New Homes Bonus)?

Happy to take questions!