

Biggest multi-billion pound spending increase for councils in a decade

- Local Government Secretary confirms £49.1 billion package of funding for essential services
- Funding represents an increase of almost £3 billion in core spending power for local authorities in England
- Spending boost includes an extra £1.5 billion for social care

Local authorities across England will receive a share of £49.1 billion local government funding for the coming financial year to help them deliver essential services for local communities, including an extra £1.5 billion for social care.

The funding plans provide certainty for councils and represent the biggest year-on-year real terms increase in spending power in a decade.

Measures set out by Local Government Secretary Rt Hon Robert Jenrick MP today (20 December 2019), will support and reward local growth, protect the most vulnerable in society and secure value for money for the taxpayer.

Local Government Secretary Rt Hon Robert Jenrick MP said:

This £49.1 billion settlement delivers the biggest real-terms increase in spending power for a decade and a £1.5 billion boost for social care.

This government is committed to unleashing the huge potential of this country, and we are giving communities the funding that they need to thrive, support the most vulnerable in our society and also protect the vital services that we all rely on.

The provisional financial settlement includes:

More funding for social care

The provisional settlement makes £1.5 billion of new funding available for adult and children's social care, supporting local authorities to meet rising demand, fund more care home places and social workers and protect the most vulnerable in society.

This includes £1 billion of new grant funding, a continuation of all existing social care grants, and the ability for authorities to raise up to £500 million more for adult social care, where needed.

In total, local authorities will have access to over £5.5 billion of dedicated funding across adult and children's social care in 2020 to 2021.

Protection for core funding

Core funding will be protected in 2020 to 2021, conserving vital, core services which residents rely on. The provisional settlement proposes that settlement core funding is increased in line with inflation, and any Negative Revenue Support Grant is directly eliminated.

Rewards for building new homes

The government has committed £907 million to continue the New Homes Bonus scheme in 2020 to 2021. The scheme financially rewards local authorities for the number of new homes they build locally, incentivising housing growth and creating homes for local residents.

Preventing excessive Council Tax rises

Local residents will have the power to veto excessive Council Tax rises, with a referendum being required if local authorities propose raising the tax above 2%, with extra flexibility for some authority types.

Mayoral Combined Authorities and town and parish councils will be exempt from the rule, and local authorities with responsibility for adult social care will be able to set a further 2% increase, ringfenced exclusively for adult social care. This strikes the right balance between addressing pressure on services and protecting Council Tax payers from excessive bill hikes.

Support for rural areas

The government is committed to ensuring the unique needs of rural areas are met, and so will maintain last year's Rural Services Delivery Grant at £81 million, matching the highest rural grant paid to date.

This relates to England only.

The government will provide final confirmation at the final local government finance settlement in the new year.

On 4 September 2019 the government set out the results of the 2019 Spending Round, providing access to a rise from £46.2 billion to £49.1 billion in 2020 to 2021, an increase of £2.9 billion or an estimated 4.4% real-terms increase.

The additional £1.5 billion for adult and children's social care is broken down as: £1 billion of funding for child and adult social care and a further £500 million through the adult social care precept. The £1 billion grant includes £150 million to equalise the impact of the precept.