

Councils given spending boost to build back better

- Levelling Up Secretary confirms £54.1 billion package of funding for councils
- £3.7 billion available to councils, including access to more than £1 billion for social care
- Provides a one-off 2022/23 Services Grant to councils to spend on vital frontline services, worth £822 million

Councils in England will have access to a share of £54.1 billion in funding for the coming financial year including more than £1 billion of additional money for social care.

This is the largest cash-terms increase in grant funding in 10 years, providing the stability they need to build back better.

This includes a one-off 2022/23 Services Grant worth £822 million for councils to spend as they see fit on local priorities.

The measures confirmed by Levelling Up Secretary Michael Gove today (7 February 2022), will allow councils to maintain and improve the services they provide, while protecting residents from excessive council tax increases.

Last week's publication of the Levelling Up white paper set out the government's bold mission to transform the nation. Councils will be at the forefront of this ambition and we are making sure they have the resources to deliver the vital services their communities need.

Secretary of State for Levelling Up Rt Hon Michael Gove said:

Levelling up can only succeed if our local partners have the powers and resources they need to help transform their communities.

Today's £54.1 billion settlement represents a real terms increase of more than 4.5% from last year and will make sure councils can improve local services, protect vulnerable people and build back better from the pandemic.

The [final finance settlement](#) includes:

- **More funding for Social Care:** The government is making more than £1 billion of additional funding available for social care, ensuring councils can improve conditions for carers and those in need. In addition, £162 million will be allocated to help councils and the social care sector prepare for adult social care reform, ensuring the system is fit for future generations.

- **Protecting taxpayers from excessive Council Tax rises:** Residents will continue to have the final say over excessive council tax increases. From next year, the amount council tax can be increased without a vote has been reduced to 2%, plus 1% for councils with adult social care responsibilities, with additional flexibilities for some authorities.
- **New Homes Bonus:** £556 million has been allocated to English councils in 2022/23. This brings the total amount of funding awarded under the New Homes Bonus to £10 billion, which has seen over 2.3 million additional homes being built, of which more than 560,000 are affordable homes. Last year, we published a consultation on the future of the New Homes Bonus and sought views from the sector on a range of issues – from how effective the current scheme has been, to potential changes to how payments are made, ensuring the funding reaches the places that need it most. Our response to the consultation on the New Homes Bonus will be published in the coming months.
- **Lower Tier Services Grant:** Providing £111 million to councils with responsibility for services such as homelessness, planning, recycling and refuse collection and leisure services. The funding floor has been updated so that no council will have less funding available in 2022/23 than this year.
- **Continued support for rural areas:** The Government recognises that there are often additional cost pressures of serving dispersed populations in rural areas. This is why we are maintaining the Rural Services Delivery Grant at £85 million
- **Business Rates Retention pilots:** Continuing the 100% Business Rates Retention pilots in Cornwall, Greater Manchester, Liverpool, West Midlands and West of England and 67% Business Rates Retention for London councils, enabling them to control more of the money they raise locally.
- **Revenue Support Grant:** An uplift to the Revenue Support Grant in line with inflation, worth over £72 million.

Last week, Government also confirmed a £150 non-repayable council tax rebate to households in England in Bands A-D to help with rising costs. The rebate to bills will be made directly by councils to households from April. Councils will also have a share of the £144 million discretionary funding that can be used to target additional support at those most in need. Councils are the best placed to do this, which is why the Government has given this flexibility.

The Mayor of London has requested flexibility to levy an additional £20 on Band D to the Greater London Authority precept to provide extra funding for Transport for London. The Government has expressed ongoing concern about the

management of TfL by this Mayor, and it is disappointing that London taxpayers are having to foot the bill for the GLA's poor governance and decision-making. Whilst the Government will not oppose this request, any decision to increase the precept is solely one for the Mayor, who should take into account the pressures that Londoners are currently facing on living costs and his decision to raise council tax by 9.5% last year.

Finally, in recognition of the unique circumstances facing the Isle of Wight Council and its physical separation from the mainland, we are providing an additional £1 million for 2022/23.

This relates to England only.

Further details on all of the above, including allocations for individual councils and our consultation document can be found on the [Final Local Government Finance Settlement page](#).

The final Settlement for 2022/23 follows the announcement of the provisional Settlement on 16 December and consultation, during which we received 148 responses which were given full consideration.

On 27 October 2021, the Government set out the outcome of the multi-year Spending Review. Core Spending Power for local authorities is estimated to increase by an average of 3% in real terms each year, including investment in Adult Social Care reform. The Government is providing around £1.6bn additional grant in LGDEL in each year, including funding for Supporting Families and Cyber Resilience.

The £1 billion for social care comes from an additional £636 million for the Social Care Grant, an inflationary uplift to the improved Better Care Fund worth £63 million and a 1% Adult Social Care council tax precept, including flexibility rolled over from last year.

There will be additional council tax flexibility for shire districts, police authorities and for the 8 lowest-charging fire and rescue authorities.