

Funding boost provides councils with certainty to plan for year ahead with £51 billion funding package

- Local Government Secretary confirms £51.3 billion package for councils
- £2.3 billion increase in core spending, includes access to extra £1 billion for social care
- An estimated £3 billion additional support for councils to deal with COVID-19 pressures

Local Government Secretary Robert Jenrick has confirmed today (10 February 2021) that councils across England will have access to £51.3 billion next year.

This represents a £2.3 billion increase on this year – including access to an extra £1 billion for social care to help support vulnerable adults and children.

This funding package gives councils the resources they need to continue to deliver services and support their communities during the pandemic while protecting council taxpayers from excessive increases.

It will also enable councils to play a crucial role in our nation's recovery in helping schools and local businesses to reopen safely and support the most vulnerable.

Final allocations for the £670 million fund to enable councils to continue reducing council tax bills for those least able to pay, have also been confirmed today, helping households impacted financially by the pandemic. This is over and above the usual council tax support available for councils each year.

In addition, Mr Jenrick has extended the scheme that compensates councils for income lost during the pandemic from services including car parks, leisure facilities and museums, until June 2021.

This follows £1.55 billion of unringfenced funding which was announced in November to help councils continue to support their communities during the pandemic.

This means a further £3 billion of additional support for councils to deal with the pandemic in 2021-22 has been confirmed, taking the total overall amount of pandemic support to over £11 billion.

Local Government Secretary Rt Hon Robert Jenrick MP said:

Councils have played a key role during the pandemic by delivering vital services and supporting the most vulnerable backed with over £8 billion of emergency support from government to date.

Today I am pleased to confirm a £51 billion funding package for next year that increases funding for social care and other vital services by £2.3 billion. We are also giving councils an additional £3 billion boost to the level of COVID support available.

This is a fair and generous settlement that gives councils the resources they need to continue to deliver important services and support their communities while protecting council tax payers from excessive increases.

In addition to the funding confirmed for councils, we have announced the following:

Rewards for welcoming new homes

The government has confirmed allocations for English local authorities totalling £622 million to continue the New Homes Bonus scheme in 2021-22; rewarding councils for the number of additional new homes built in their area, incentivising housing growth and creating homes for their residents.

We have also published a [consultation alongside the Local Government Finance Settlement on reforming the scheme from 2022-23](#), to ensure it is focussed where homes are needed most.

Giving residents a voice on council tax rises

Residents will have the power to veto excessive council tax rises, with a referendum being required if councils propose raising the tax by 2% or more, with extra flexibility for some authority types. Before setting rates, councils should take into account the financial circumstances of their residents.

Councils with responsibility for adult social care will be able to set a further 3% increase, ring-fenced exclusively for adult social care. Anything above this level will need to be voted on by local people. This strikes the right balance between addressing pressure on services and giving residents the final say on excessive increases.

In order to enable councils to continue supporting those least able to pay their council tax, including households financially hard-hit by the pandemic, there will be £670 million of new grant funding available outside of the core settlement for local council tax support.

Support for rural areas

The government is committed to ensuring the unique needs of rural areas are met, and so will boost the Rural Services Delivery Grant by £4 million to £85 million next year, making it the highest rural grant paid to date.

In addition, we have also announced:

Additional support to help a small number of councils

Today we are confirming details of additional support to a small number of councils who are unable to balance their budgets for 2020-21 or 2021-22. This support is being provided on an exceptional basis and the decision to grant these requests follows a robust and challenging process to confirm that councils have taken all reasonable steps to manage pressures locally.

These councils will now need to undertake an independent assurance review focused on the council's current financial position, sustainability and their ability to meet any of the identified budget gaps for 2021-22 without additional recourse to government.

Extension of the flexibility to use capital receipts to fund transformation projects

We are also announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. We will provide further details on the extension in due course.

Confirmation of £160.6 million for the Former Independent Living Fund Recipient Grant

This grant is paid to councils to ensure they can continue funding pre-existing Independent Living Fund arrangements, enabling those with disabilities to live within the community and not residential care.

£50,000 for the Isle of Wight

This fund will be used to review the challenges face by the council, residents and businesses on the island who are separated from the mainland. This could include access to vital services, supplies and employment.

This relates to England only.

See full details of the [local government finance settlement](#).

On 25 November 2020, the government set out the outcome of the 2020 Spending Review, providing access to a rise in Core Spending Power from £49.0 billion to £51.3 billion in 2021-22, an increase of £2.3 billion or an estimated 4.6% cash-terms increase and a rise on real terms. This is alongside over £3 billion of additional COVID-19 support and an extra £254 million of funding

to tackle homelessness and rough sleeping.

The additional £1 billion for social care comes from a £300 million social care grant and a 3% Adult Social Care council tax precept.