

# Government confirms allocations of £500 million additional funding for councils

- Individual councils in England have funding boosts confirmed
- Direct funding to councils to help with pandemic spending reaches £4.3 billion
- New scheme will help to cover councils' lost income during the pandemic and boost cash flow

Local Government Secretary Robert Jenrick has today (16 July 2020) confirmed allocations for individual councils from the £500 million of additional support for coronavirus-related spending pressures.

The funding will help councils in England continue to deliver crucial frontline services, support those most in need and meet new spending pressures so they can deliver for residents.

The extra £500 million – which brings support for pressures they are facing to £4.3 billion – will be distributed to councils based on population and levels of deprivation, and how the costs of delivery of services varies across the country.

The funding is part of a comprehensive package of government support to help councils respond to the pandemic, including an unprecedented new scheme to help councils recover lost income, including from car parks and museums, which have been shut during the lockdown.

Over the last few months, the government has worked closely with councils to understand their needs and provided more than £27 billion to help them, businesses in their area and their communities through the pandemic.

Local Government Secretary Rt Hon Robert Jenrick MP said:

Councils are playing a vital role in our national fight against coronavirus, providing a lifeline for so many and supporting communities at a time when they need it most.

That's why we are giving them an extra £500 million – taking our total additional funding provided to £4.3 billion – and today I am setting out how this will be allocated to councils fairly based on the pressures they have told us they are facing.

This comes on top of the co-payment scheme announced last week that

will compensate councils for irrecoverable income losses from sales, fees and charges.

Minister for Regional Growth and Local Government Simon Clarke MP said:

We've set out a comprehensive package of support for councils, including an unprecedented scheme to reimburse them for loss of income during the pandemic.

This additional £500 million funding will be allocated to councils to support them to meet the spending pressures they are facing in their local area.

The funding has been distributed between district and county councils to reflect the pressures they have reported.

Of the £4.3 billion we are providing to councils, £3.7 billion is not ringfenced so councils also have the flexibility to choose how to use it in their areas and £600 million was to support social care providers.

In addition, the government has announced a co-payment scheme that will compensate councils for irrecoverable income losses from sales, fees and charges. They will be expected to absorb the initial 5% of losses compared to planned income from these sources. Thereafter, there will be a cost splitting arrangement where 75p in every pound of relevant losses will be compensated for by the government.

And to enable them to get on the front foot and build much-needed breathing space into their budgets, the government is also allowing them to spread their tax deficits over 3 years rather than the usual 1 year. This will allow authorities to pay deficits off in a reasonable timescale and will limit their cashflow pressures.

- The allocations of this £500 million have been published on the [emergency funding for local government page](#)
- In recognition of the acute cost pressures that a small number of local authorities are facing with regard to Unaccompanied Asylum Seeking Children, the Department for Education will use £6 million of the £500 million to provide targeted support to a small number of councils.
- We are providing councils with an unprecedented package of support, including £4.3 billion of support for pressures, including £3.7 billion of grants for expenditure which are not ringfenced and a £600 million Infection Control Fund.
- In total, our comprehensive support includes:
  - £3.7 billion of new funding to councils which is not ringfenced
  - £600 million to support adult social care providers through a new infection control fund
  - Over £20 billion in support for businesses

- £500 million in council tax hardship funds to offer economic support to the most vulnerable
- £300 million to support test and trace
- Each funding allocation has been informed by the latest assessment of pressures reported by councils and submitted to government
- On 19 March we announced an initial £1.6 billion for local councils. These funding allocations were based on a mixture of Adult Social Care Relative Needs Formulas and Settlement Funding Assessment.
- On 18 April we announced a further £1.6 billion funding for local councils. These funding allocations are based on a per capita basis, and there was a 65:35 split between county and districts. Where there are separate fire authorities a specific tier split for fire of 3% will be used.