

Kemi Badenoch's speech to the LGA Local Government Finance Conference 2022

Thank you, James [Jamieson]. It's what you get when a Treasury Minister comes in to local government rather than the other way around. So I'm glad that the sector is pleased, and I think I'd start off by saying a little bit about the role of local government just in terms of delivering for our communities. It's never been more important than through this incredibly challenging period. And it was good to hear you speak about the sector's priorities and how we can ensure that you all are well-equipped to do the best possible job.

It's my pleasure to be setting out the government's position this morning.

This is my first keynote speech as a Minister for Local Government so please be nice when it comes to the Q&A! I am still early on the learning curve.

First of all I'd like to thank the many councillors, and council officers as well, who are joining us this morning for your tireless efforts – not just through the pandemic but in everything you do. I used to be married to a local councillor so I know what it's like and I just want to say thank you.

From the department's perspective you have been – and remain – at the very forefront of our response to COVID.

From your efforts in shielding the vulnerable, protecting those people who have been isolated, helping over 37,000 rough sleepers off the streets through Everyone In... all of this has been absolutely heroic.

And right through to your on-going work today, you're making sure that the booster rollout has been the incredible success that it has been. You've been welcoming and helping Afghan refugees safely settle in the UK through Operation Warm Welcome. And it's really hard to think of a time when local government, local councils, local councillors, all of you, council officers, it's hard to think of a time when you've played a more important part in the history of our country. So thank you very much.

That's why, since the start of the pandemic, we have provided £13 billion in support and compensation for income losses that you had, to help you tackle the worst effects that the virus wrought.

And we are determined that you have the tools, the funding and the resources you need, not just to continue the work, but to forge a lasting recovery – you know, the PM talks about building back better, as he says – that's really what we want you to be able to do going forward.

Bigger picture

So looking at the bigger picture – before turning to the settlement itself, I think it's important to reflect on some of the broader developments the sector has seen over the past few months.

There have been important developments in grant funding for councils, so the £1.6 billion of additional grant for the year 2022/2023 announced at the Spending Review last October.

This new grant provides additional support for critical programmes like Supporting Families, of which I am very interested, and Cyber Resilience, as well as new funding which will be distributed through the settlement.

We've seen changes in the way we support local investment too, this is before my time, but recognising the vital role this plays in service delivery, in housing provision and of course in levelling up, which is what we are all about.

In June last year, I have been reliably informed by my visuals, we published our plan to make sure the capital investment system continues to support local decision-making freedom but at the same time preventing that excessive – the excess risk taking, from a small number of local authorities.

And, as many of you know, in December, the government published the adult social care reform white paper, [People at the Heart of Care](#), which sets out our 10-year vision along with a commitment to invest £5.4 billion in the sector over the next 3 years.

Provisional local government finance settlement (LGFS)

So as we look to the future, we want to work in hand in hand with you, given all the issues that you've raised with us over the last few months and year, that's really the approach underpinning the [provisional local government finance settlement](#) we announced last month.

So the settlement delivers an additional £3.5 billion for the sector and a real terms funding increase of over 4% for councils in the year ahead, which I hope you're all really pleased to hear. Feel free to put the applause emojis on the Zoom. It's not always easy getting money out of the Treasury but we're very, very pleased with the settlement.

Most of the £1.6 billion of new funding announced at Spending Review will be allocated through the settlement, including that additional £822 million for all services that you're all curious about, through that one-off 2022/23 Services Grant – and we believe that this is substantial support in what remains a very testing time.

You also asked us for stability – and this settlement provides stability, and a firm foundation on which to build and grow, rolling over support like the

New Homes Bonus, the Rural Services Delivery Grant, and the Lower Tier Services Grant, and it also increases the Revenue Support Grant by £70 million and updates the funding floor, which is something James and others have been really keen to see, so it updates the funding floor so that no council anywhere in England receives less money than last year.

And I know some of you will accuse us of just doing a Goldilocks, but we think we've done the right thing with a core referendum principle of 2%, plus an additional 1% adult social care precept, we believe this is a settlement that strikes the right balance between giving councils flexibility to raise income whilst also protecting our very hard-working taxpayers.

Social care

But importantly, this settlement also recognises the significant pressures on social care – with an extra £1 billion made available to alleviate this pressure in the year ahead.

So this increases the Social Care Grant and the improved Better Care Fund. You can also make use of the 1% adult social care precept I just mentioned, in addition to the deferred precept flexibilities which have been rolled over from last year's settlement.

But please be in no doubt, we don't underestimate the scale of support that the sector requires, especially as we start this decade-defining challenge of putting social care on a more sustainable footing.

And it's why, on top of this funding to address those core pressures, there's also £162 million being made available to help you prepare for adult social care reform and ensuring the system is fit for future generations.

Long-term future of the sector

So in terms of the long-term future of our local government, our unequivocal ambition and Secretary of State will have told you this already – is to help councils – to help you – meet the challenges of today while planning for tomorrow's opportunities. We don't want you to always be in crisis mode, always being reactive.

And that's why we want to ensure that funding allocations are based on an up-to-date assessment of needs and resources.

One challenge is that the data used to make this assessment has not been updated in several years – a lot of it is coming from 2013/14, nearly 10 years ago, and some even as far back as the turn of the millennium. I don't want to say 'pre-historic' but it's difficult to properly forecast using data that came before Windows XP!

So, over the coming months, we will work closely with you and all our partners from across the sector to look at the many challenges and opportunities facing local government before consulting on potential reform in the spring.

A key piece in this puzzle will be finding the right options to make sure that local authorities are supported through any change with transitional protection.

So we also know that there is significant diversity across the sector, and that's why we're keen to hear your views and ensure that the unique circumstances of your local areas are fully understood. We're not treating you as a homogenous block – that would be ridiculous. We have different needs and we want to know what we can do and as far as we can go in terms of tailoring the solutions to do what's right for you.

Conclusion

It's in that spirit of collaboration and partnership that we want to continue to work with you, bearing down on Omicron, plotting a clear course out of this pandemic and its one of the reasons why the local government finance settlement is never presented as a done deal. It's always provisional until you've helped us make it final.

I want to sincerely thank all of you who have taken part in the [consultation on the provisional settlement](#). And for those who yet haven't shared their views please do so today, deadline is 11:45pm. So, 15 minutes before midnight is when it closes. I can't promise that I will be staying up quite that late to see your responses in person, but I really do want to hear your views and continue to work with you to put us on the best possible footing for this year.

I will finish by saying that central government and local government are at their strongest when working together, united in purpose.

And what we have accomplished over the last 2 years is nothing short of remarkable.

So, this settlement – I believe – provides the strong foundations on which to go forward as we build a brighter future beyond COVID.