

Local government finance settlement 2020-21 proposals unveiled following biggest funding increase in almost a decade

Following the Spending Round confirming that councils will receive the biggest year-on-year real terms increase in funding for almost a decade, the government has published a consultation document setting out in greater detail its proposals for how to fund local government in 2020 to 2021.

Local authorities across England will be encouraged to submit views to the government's funding proposals for the sector in the next financial year.

The consultation confirms that the Core Spending Power of local authorities is estimated to rise in real terms by 4.3% to £49.1 billion in 2020 to 2021, an increase of £2.9 billion.

As part of this local authorities will be able to access an additional £1.5 billion of funding for adult and children's social care. This is in recognition of rising demand and the vital role that social care plays in supporting the most vulnerable people in society.

Councils will additionally be provided with increases from wider resources made available from the Spending Round, including High Needs funding for schools and colleges which will increase by over £700 million.

There will also be a real-terms increase in the Public Health Grant and the NHS contribution to the Better Care Fund will grow in line with the planned additional investment in the NHS.

Local Government Secretary Rt Hon Robert Jenrick MP said:

Local authorities have worked hard over the past decade to deliver efficiencies and savings, while continuing to support the running of our vital public services.

This year's settlement sets the sector on a strong and sustainable footing for the future as we look to next year's Spending Review and a fresh multi-year settlement.

The government has been listening to local authorities across the country, and the £49 billion funding boost that will come into force from next year is the biggest increase for nearly a decade.

It will allow us to provide more support for areas such as adult and children's social care and make sure that we are supporting the most vulnerable people in our local communities.

I look forward to working with local authorities throughout this consultation process and want to ensure that local communities have access to the highest possible levels of service, delivered in an efficient and cost effective way.

The consultation will last for 4 weeks from 3 October 2019 to 31 October 2019 and covers proposals for the local government finance settlement 2020 to 2021.

The proposed approach to the settlement includes:

- £1.5 billion for adult and children's social care services, including £1 billion of new money. Councils will have the option to raise up to half a billion pounds more for adult social care, where needed, through additional Council Tax flexibilities
- powers for local authorities to raise Council Tax by up to 2% plus an additional 2% of adult social care tax before a local referendum has to take place
- £900 million for the New Homes Bonus in 2020 to 2021
- maintaining Improved Better Care Fund funding at 2019 to 2020 levels (£1.837 billion), as well as rolling in the £240 million which was allocated as Winter Pressures Grant this year
- continuing Rural Services Delivery Grant at £81 million, with all recipients receiving the same amount as in 2019 to 2020
- confirmation that business rates retention pilots agreed for 2019 to 2020 will finish at the end of the financial year. No further pilots will run in 2020 to 2021
- confirmation of the decision to delay the funding distribution and business rates retention reforms until 2021 to 2022

See the full [technical consultation document](#) and how to respond to the proposals contained within it.

The provisional local government finance settlement for 2020 to 2021 will be published later this year.