

Press release: Communities Secretary confirms funding certainty for councils

Communities Secretary Sajid Javid has confirmed that councils will continue to benefit from the long-term financial certainty of a four-year funding settlement, helping them to plan ahead with confidence.

He also confirmed he is working closely with the Chancellor of the Exchequer to determine how best to provide further support to businesses facing the steepest increases, with further details expected to be set out in the Budget in two weeks.

Mr Javid published individual funding allocations for local authorities for the second year of the historic settlement, with figures largely unchanged from those published a year ago.

It means that over the course of this Parliament, councils will receive more than £200 billion in government funding – ensuring they can deliver the frontline services people value. Councils are also able to use this increased certainty to change the way they work and become more efficient, building on the £508 million savings already delivered across local government.

It also prepares the ground for wider reforms, to ensure councils benefit from 100% business rate retention, giving them the financial autonomy they have long campaigned for. Councils in six areas across the country will start piloting this approach from April, with all councils invited to apply to participate in further pilots from April 2018.

Communities Secretary Sajid Javid said:

Our historic funding deal, accepted by 97% of councils, offers the financial certainty needed to plan ahead, with more than £200 billion over the course of this Parliament. This includes £7.6 billion dedicated funding and extra flexibility to provide vital adult social care services for the most vulnerable people in our communities.

But local government funding doesn't just have to be fair for local government. It also has to be fair to the people who provide the funds in the first place, and that includes the millions of hardworking business owners who pay business rates. Working closely with the Chancellor of the Exchequer, we will determine how best to provide further support to businesses facing the steepest increases, with further details expected to be set out in the Budget in two weeks.

Over the next year, I'll be working with councils across the

country as we move towards 100% business rates retention, giving local authorities the financial autonomy they have campaigned for over decades.

Further information

The key elements of the 2017-18 local government financial settlement are:

Adult social care

The Spending Review last year gave councils the opportunity to raise funds to provide dedicated care for the growing elderly population through an adult social care precept on council tax.

Listening to views from councils to provide for elderly and vulnerable citizens, the Communities Secretary confirmed that he will bring forward increases in the adult social care precept. Councils can choose to raise it by 3%, meaning they will have the ability to raise an additional £208 million next financial year.

This comes on top of a new adult social care grant, worth £240 million next year, and an improved Better Care Fund worth up to £1.5 billion so councils can work more closely with the NHS.

It brings total dedicated social care funding to £7.6 billion over the settlement period, with councils receiving more than £200 billion over the course of this Parliament.

Council tax

The Government is committed to keeping council tax down and will maintain referendum principles to protect hard-working tax-payers from rising bills. Council tax in England has fallen by 9% in real terms since 2010 and is expected to be lower in real terms in 2019-20 than it was in 2010-11.

Business rates

As part of the revaluation of business rates to make bills fairer, measures such as transitional relief have been made available to support those seeing increases. However, Government is looking at how best to provide further support to businesses facing the steepest increases. Ministers expect to be in a position to make an announcement at the time of the Budget in two weeks.

100% retention of business rates

To reduce local government's dependence on central government for funding – long campaigned for by councils – by the end of this Parliament, local government will keep 100% of the income raised locally through business rates. To ensure councils with less business rates do not lose out there will continue to be redistributions between authorities.

The Local Government Finance Bill, currently before Parliament, provides the

legislative framework for these reforms. Pilots of these reforms will take place from this April in Liverpool, Greater Manchester, West Midlands, West of England, Cornwall and Greater London. All councils are invited to apply to participate in the pilots from April 2018.