

Press release: Parliament approves real terms increase in funding for local authorities

Parliament has today (7 February 2018) approved the funding settlement for English local authorities that will see a real terms increase in available resources over the next 2 years and give them access to over £200 billion from 2015 to 2020 to deliver the high-quality services their local communities need.

Ahead of today's Parliamentary debate Communities Secretary announced extra funding to help local authorities meet the needs of vulnerable people and support services in rural areas.

A further £150 million will be available to those councils providing adult social care. In addition, £16 million will be made available to councils providing services in rural areas, taking the total rural services grant to £81 million – the highest it has ever been.

This follows consultation with local government on the funding plans announced in December that included giving councils additional financial freedoms to deliver services for their most vulnerable residents while protecting Council Tax payers from excessive increases in their bills. The threshold at which councils must hold a referendum before raising Council Tax has been set in line with inflation at 3%.

Ten additional business retention rates pilots – for areas of varying sizes and location – were also confirmed. These areas will keep 100% of growth in business rates, which will stay in communities and be spent on local priorities.

Secretary of State for Housing, Communities and Local Government, Sajid Javid said:

Parliament has today approved a settlement that strikes a balance between relieving growing pressure on local government whilst ensuring that hard-pressed taxpayers do not face excessive bills.

We have listened to representations made and delivered on these requests: a real terms increase in resources over the next 2 years, more freedom and fairness, and greater certainty to plan and secure value for money.

Government has also launched a review of local authorities' needs and resources to enable a new funding system to be devised. Ministers are encouraging local authorities to respond to the [consultation](#) ahead of the deadline on 12 March 2018.

The settlement for local government sees a real terms increase in resources to local government over the next 2 years (£44.3 billion in 2017 to 2018 to £45.6 billion in 2019 to 2020)

In December the threshold at which local authorities must hold a referendum in order to raise Council Tax was confirmed in line with inflation (3%). This change, combined with the additional flexibility on the Adult Social Care precept confirmed last year, gives local authorities support in relieving pressure on local services – including adults and children’s social care.

Following feedback from the sector as part of the consultation, the government has today also announced some additional measures:

- £150 million Adult Social Care Support Grant in 2018 to 2019
- a further £16 million for Rural Services Delivery Grant in 2018 to 2019 to allow for funding commensurate with 2016 to 2017 levels

In December, 10 additional business retention rates pilots – for areas of varying sizes and location – were confirmed. It is expected that combined these will raise over £150 million in 2018 to 2019, which will stay in communities and be spent on local priorities.

The Communities Secretary also published a [consultation on need and resources](#) in December that aims to implement a new system based on its findings in 2020 to 2021.