

Cabinet

Tuesday 17 September 2019

4.00 pm

Ground Floor Meeting Room GO2C, 160 Tooley Street, London SE1
2QH

Supplemental Agenda No.2

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| 7. | Deputation Requests To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Wednesday 11 September 2019. | 1 - 3 |
| 10. | Policy and Resources Strategy 2020-21 to 2022-23 update To note the outcome of the Government's 2020-21 Spending Review announced on 4 September 2019 and related issues, as set out in the report. | 4 - 30 |

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Webpage: www.southwark.gov.uk

Date: 13 September 2019

| | | | |
|------------------------------------|--------------------------------|-----------------------------------|---------------------------------|
| Item No. 7. | Classification: Open | Date: 17 September 2019 | Meeting Name: Cabinet |
| Report title: | | Deputation requests | |
| Ward(s) or groups affected: | | All | |
| From: | | Proper Constitutional Officer | |

RECOMMENDATION

1. That cabinet considers whether or not to hear deputations from:
 - The Southwark Supertram group
 - The South Dock Marina Berthholders Association.

BACKGROUND INFORMATION

2. When considering whether to hear the deputation request, cabinet can decide:
 - To receive the deputation at this meeting or a future meeting; or
 - That the deputation not be received (if the matter is not dealt with by cabinet, the matter shall be referred without debate to the relevant cabinet member who shall after consideration, respond with an open reply to the sender); or
 - To refer the deputation to the most appropriate committee/sub-committee.
3. A deputation shall consist of no more than six people, including its spokesperson. Only one member of the deputation shall be allowed to address the meeting for no longer than five minutes. After this time cabinet members may ask questions of the deputation for up to five minutes. At the conclusion of the questions, the deputation will be shown to the public area where they may listen to the remainder of the open section of the meeting.

KEY ISSUES FOR CONSIDERATION

4. The deadline for receipt of deputation requests for this cabinet meeting was midnight 11 September 2019. The above requests were received within this constitutional deadline.

Deputation requests

Southwark Supertram

5. The Southwark Supertram group wish to address cabinet about the potential benefits of the Southwark Supertram in terms of encouraging residents to make fewer car journeys, citing the example of the Croydon Tramlink and a survey of Camberwell Green residents showing support for the plans. They also wish to set out the progress being made in their dialogue with TfL.

South Dock Marina Berthholders Association

6. The South Dock Marina Berthholders association wish to address cabinet in relation to agenda item 12. (Consultation on the future of South Dock Marina, and boatyard, and Greenland Dock) to request “the addition of community led initiatives as an important key consideration to be added and embraced for all aspects of the proposed discussions, planning and development of South Dock Marina, Greenland Dock and boatyard.” They request “explicit commitments to authentically consider proposals which exclude residential development and instead wholeheartedly prioritise the enhancement and expansion of marine service provision in the boat yard.” They also seek an assurance that any architects briefed to visualise proposed concepts be required to accommodate and explore non residential schemes.

Community impact statement

7. The Southwark Constitution allows for deputations to be made by groups of people resident or working in the borough.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|-------------------------------------|---------------------------------|
| Cabinet procedure rule 2.12 on deputations: | 160 Tooley Street London SE1 2QH | Paula Thornton 020 7525 4395 |
| Link (copy and paste into browser): http://modern.gov.southwark.gov.uk/documents/s80630/Cabinet%20procedure%20rules%20November%202016.pdf | | |

APPENDICES

| No. | Title |
|------|-------|
| None | |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Lead Officer | Chidilim Agada, Proper Constitutional Officer | |
| Report Author | Paula Thornton, Constitutional Officer | |
| Version | Final | |
| Dated | 13 September 2019 | |
| Key Decision? | No | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments sought | Comments included |
| Director of Law and Democracy | No | No |
| Strategic Director of Finance and Governance | No | No |
| Cabinet Member | No | No |
| Date final report sent to Constitutional Team | 13 September 2019 | |

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 10. | Classification: Open | Date: 17 September 2019 | Meeting Name: Cabinet |
| Report title: | | Policy and Resources Strategy 2020-21 to 2022-23 update | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Victoria Mills, Finance, Performance and Brexit | |

FOREWORD - COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT

In July we reported to Cabinet that local government was facing a period of maximum funding uncertainty due to the hiatus around Brexit and the Conservative Party election for a new leader to take over as Prime Minister. At that time there was considerable uncertainty about the governments Spending Review, the continuation of existing grant funding streams, a Fair Funding Review that was progressing slowly, and lack of clarity around what system of business rates retention would apply from April 2020.

The July Cabinet Report highlighted that those funding uncertainties made meaningful financial planning extremely challenging and we outlined a range of potential scenarios suggesting a funding gap in 2020-21 of anywhere between £4m and £32m.

Whilst the Brexit issues remain, the Government has now published its 2020-21 spending plans and confirmed that the proposed changes to local government finance arrangements will be deferred a year until 2021-22.

At a national level the 2019 Spending Round has provided councils with much of the funding certainty and stability needed to prepare 2020-21 budgets. The SR announced on 4 September confirmed a funding package of more than £3.5bn for council services, allowing councils to meet some of the cost and demand pressures we face.

We are pleased that the Government has provided much needed new money for social care and acknowledge the additional flexibility to increase council tax to fund social care pressures. However, there remains significant uncertainty surrounding the future of social care funding and despite central government announcing a series of financial ‘sticking-plasters’ in recent years, including the additional funds found in the Spending Review, we still have scant information regarding sustainable funding for social care beyond 2020-21.

We also welcome the additional £700m agreed by the government for children and young people with special education needs and disabilities. This funding follows high levels of challenge and lobbying from the council along with representative bodies. However, we await the detail of how the national funding will be shared between authorities and it may still fall short of the levels of funding required and certainly will not be enough to pay down the accumulated deficit.

Despite the Spending Review being at the more optimistic end of our planning scenarios, there remains an overall funding gap of £9.8m for 2020-21. The gap would reduce to £5.2m should council determine to increase council tax by the limit of 4% (2% for Adult Social Care and 2% referendum limit). This together with the unprecedented political

uncertainty, the prospects of a Brexit deal being agreed before the 31 October looking increasingly remote and the likelihood of a General Election before the end of the year, mean that the budget planning strategy set out in the July report remains relevant and appropriate.

We will continue to focus on the delivery of our Council Plan, fairer future promises and budget principles to support the annual budget setting process. We have consistently promised value for money and committed to spending money as if it were from our own pocket.

Despite the challenges, this administration remains determined to keep our promises, to protect and modernise our services and to maintain excellent financial planning that is more than fit for the future.

RECOMMENDATIONS

That cabinet note:

1. The outcome of the Government's 2020-21 Spending Review announced on 4 September 2019, set out in paragraphs 16 to 19.
2. That the Ministry for Housing Communities and Local Government (MHCLG) has confirmed that the Fair Funding Review, 75% business rate retention and business rates reset will be delayed until 2021-22.
3. That the updated 2020-21 budget forecast, based on the latest information and the following revised assumptions, indicate a budget funding gap of £7.5m:
 - an inflation increase of 1.84% in the Settlement Funding Assessment;
 - additional grant funding announced in the Spending Round for social care, high needs and tackling rough sleeping and homelessness will be passported to those services;
 - an index linked increase in Public Health Grant and Better Care Fund allocations;
 - that other major grant funding sources, i.e. Improved Better Care Fund, Social Care Grants and New Homes Bonus will continue at 2019-20 levels (as previously assumed);
 - the business rate baseline reset, that will significantly impact those authorities that have experienced the greatest growth since inception of the existing BRR system in 2013-14, will be deferred until 2021-22.
4. That the funding gap will reduce by £2.3m should the council decide to increase council tax by 2% for Adult Social Care;
5. That the funding gap will reduce by a further £2.3m should the council decide to increase council tax by 2% in line with the proposed referendum principle level.
6. That, as agreed in July, the strategic director of finance and governance with the support of other strategic directors and their teams will prepare a one year budget for 2020-21 based on cash-limiting departmental budgets at 2019-20, setting out the risks of this approach and how these risks will be managed.
7. That the strategic director of finance and governance will seek to prepare with other officers indicative savings options and commitments for 2021-22 and 2022-23 as part

of the risk mitigation required to support this approach.

8. Cabinet to receive further reports as further funding information becomes available and as budget plans for 2020-21 are developed.

BACKGROUND AND PURPOSE

9. The main strategic funding decisions of central government as they relate to local government are normally made at each Spending Review; although these have been supplemented at subsequent annual Local Government Finance Settlements (e.g. with the introduction of the Improved Better Care Fund at Settlement 2016-17; additional flexibility on the Social Care Precept at Settlement 2017-18 and the increase in the referendum limit to 3% - before applying the Social Care Precept – at Settlement 2018-19).
10. Between 2011-12, the first year of the major austerity cuts, and 2019-20, the council has lost government funding in cash terms of more than £146m. According to government calculations, lost spending power has exceeded £85m during the same period. Neither of these figures allow for the real terms impact of price and demand pressures. In addition, the council has committed to priorities that have needed to be funded through a limited number of sources. During this period the council has also looked to keep council tax as low as possible, protecting the most vulnerable. Southwark remains the eighth lowest council tax rate in London.
11. A new Council Plan for the period 2018 to 2022 was agreed by Cabinet in July 2018 and council assembly in November 2018. The Council Plan contains a range of promises and commitments which the council will work towards delivering over the coming years.
12. Council Assembly of 21 February 2019 approved a balanced budget and council tax for 2019-20. This was a one year budget due to the uncertainty around future funding.
13. 2019-20 was the final year of the four year local government finance settlement announced in autumn 2015.
14. The government previously stated its intention to hold a new Spending Review in 2019, covering the period 2020-21 to 2022-23. However, with the ongoing political turbulence around Brexit, the government announced that the Spending Round would cover one year only, 2020-21, and that this would be followed in 2020 by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets. The outcome of the Review was announced on 4 September 2019.
15. Despite the Spending Review being at the more optimistic end of our planning scenarios, there remains an overall funding gap of £9.8m for 2020-21. The budget planning strategy set out in the July report remains relevant and appropriate i.e. the strategic director of finance and governance with the support of other strategic directors and their teams will
 - prepare a one year budget for 2020-21 based on cash-limiting departmental budgets at 2019-20, setting out the risks of this approach and how these risks will be managed
 - prepare indicative savings options and commitments for 2021-22 and 2022-23 as part of the required risk mitigation.

KEY ISSUES FOR CONSIDERATION

Spending Review 2019

16. The 2019 Spending Round, announced on 4 September 2019, outlines the Government's spending plans for 2020-21 (one year only) for each central government department. The Provisional Local Government Finance Settlement, due to be announced in December, will confirm the funding for each individual authority. However the Spending Review announcements do now enable local authorities to plan for 2020-21 with a much greater degree of certainty.

17. The Chancellor's announcement included a funding package of more than £3.5 billion for vital council services and indicated that Core Spending Power would increase by a total of £2.9 billion, a 4.3% real terms increase, in 2020-21. Key announcements included (full details are included in the LGA Briefing at Appendix 1):
 - An additional £1bn of grant funding for social care - both for children and adults
 - Flexibility to enable local authorities to raise up to a further £500 million via a 2% increase in council tax through the Adult Social Care precept
 - An additional £700 million to support children with Special Educational Needs which will be provided via the Dedicated Schools Grant
 - An increase in the core settlement (baseline funding levels and Revenue Support Grant) of £300m.
 - An assumption that councils would increase council tax in line with the proposed council tax referendum limit of two per cent
 - That Public Health Grant will increase in line with inflation and the Department of Health and Social Care's contribution (the Better Care Fund) will grow in line with the additional investment in the National Health Service
 - An additional £54m to tackle rough-sleeping and homelessness
 - The schools budget will rise by £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019/20 funding levels. Separate to this, the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions.
 - An increase to early years spending of £66 million to increase the hourly rate paid to childcare providers through the government's free hours offers.

18. Following the Chancellor's announcement, the Secretary of State for Housing, Communities and Local Government wrote to all local authorities (Appendix 2) confirming that:
 - All existing grants to support social care (Improved Better Care Fund, Winter Pressures and Social Care Grant) will continue
 - That the proposed local government finance reforms, including business rates retention and Fairer Funding (Review of Relative Needs and Resources) would

be deferred until 2021-22

- No new business rate pilots for 2020-21 (there was no indication whether existing pools, including the London Pool, would continue beyond 2019-20).
19. The Spending Review has now provided councils with much greater certainty of how local services will be funded in 2020-21 and the additional funding will help to meet the rising cost and demand pressures in 2020-21. However, the detail of the Spending Review and its exact implications for Southwark will require further information and analysis and there remains significant uncertainty for 2021-22 and beyond.

Updated financial remit 2020-21

20. The 'most-likely' central forecast is illustrated in the table below:

| | 2019-20 Budget £m | Indicative | | |
|-------------------------------------|-------------------------|----------------|----------------|----------------|
| | | 2020-21 £m | 2021-22 £m | 2022-23 £m |
| Settlement funding assessment (SFA) | 149.875 | 152.662 | 165.163 | 165.163 |
| BRRS growth | 25.000 | 27.500 | 2.500 | 5.000 |
| Council tax | 110.531 | 112.743 | 114.997 | 117.297 |
| Council tax – ASC precept | 0 | 0 | 0 | 0 |
| Collection fund surplus/(deficit) | 5.018 | (4.000) | 0 | 0 |
| Core grants | 63.861 | 70.902 | 70.902 | 70.902 |
| Contribution from Reserves | 0 | 0 | 7.500 | 3.500 |
| Total resources | 354.285 | 359.807 | 361.062 | 361.862 |
| Base budget brought forward | 348.041 | 354.285 | 369.581 | 382.081 |
| Inflationary pressures | 9.653 | 11.600 | 12.500 | 13.000 |
| Commitments and growth | 16.206 | 7.041 | 0 | 0 |
| Efficiencies, income and savings | -19.615 | -3.319 | 0 | 0 |
| Net spending | 354.285 | 372.926 | 382.107 | 395.107 |
| Gap (cumulative) | 0 | -9.800 | -21.045 | -33.245 |

21. The updated remit now assumes:
- an inflation increase (1.84%) in the Settlement Funding Assessment;
 - additional grant funding announced in the Spending Round for social care, high needs and tackling rough sleeping and homelessness will be passported to those services;
 - an index linked increase in Public Health Grant and Better Care Fund allocations;
 - that other major core grant funding sources, i.e. Improved Better Care Fund, Social Care Grants and New Homes Bonus will continue at 2019-20 levels;
 - the Fair Funding Review and Business Rate Retention changes will be deferred until 2021-22, and will be revenue neutral
 - the business rate baseline reset will be deferred until 2021-22;
 - a deficit on business rate collection fund income as a result of slower growth and increased discounts and empty properties
 - no increase in council tax (for either Adult Social Care or base council tax).

The estimate of local government 'Core Spending Power' published in the Spending Review assumes a 2 per cent Referendum Principle increase and a 2 per cent Adult Social Care Precept. A 4% increase would yield £4.6m. No council tax increases

have been included in the indicative resources.

22. Despite the Spending Review being at the more optimistic end of our planning scenarios, there remains an overall funding gap of £9.8m for 2020-21. The budget planning strategy set out in the July report remains relevant and appropriate the strategic director of finance and governance with the support of other strategic directors and their teams will prepare a one year budget for 2020-21 based on cash-limiting departmental budgets at 2019-20, setting out the risks of this approach and how these risks will be managed.

Next steps

23. The main governance steps to establishing the 2020-21 general fund revenue budget are outlined in the table below:

| Date | Meeting | Report | Purpose |
|----------------------------|---|------------------|---|
| September to November 2019 | Budget Challenge arrangements | | |
| December 2019 | Provisional local government finance settlement | | |
| December 2019 | Cabinet | P&R strategy | Provide options for meeting the budget challenges over the next three financial years |
| December 2019 | Cabinet | Council Tax base | Confirm the council tax base to apply for 2020-21 |
| January 2020 | Cabinet | P&R strategy | Select proposed solutions for meeting the budget challenge |
| January 2020 | Overview and Scrutiny | P&R strategy | Comment on and make recommendations in respect of the cabinet's proposed 2020-21 budget and indicative budgets for future years |
| February 2020 | Cabinet | P&R strategy | Recommend to Council Assembly balanced budget for 2020-21 |
| February 2020 | Council Assembly | P&R strategy | Council Tax setting and approve a balanced budget for 2020-21 and agree indicative budgets for 2021-22 and 2022-23 |

Community impact statement

24. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
25. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2019-20 and for previous years, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings identify potential impacts, more detailed analysis is being carried out.

26. Undertaking equality analysis helps the council to understand the potential effects that the budget proposals may have on different groups. The analysis also considers if there may be any unintended consequences and how any of these issues can be mitigated. Analysis is also undertaken to consider any crosscutting and organisation-wide impacts.
27. For many services the budget proposals will include efficiencies which have staffing implications. As specific proposals are brought forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
28. Equality analysis will continue through the cycle of planning and implementation of these budget proposals. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way to not impact disproportionately on any specific section or group in our community. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken. The equality analyses will be collated across the council to look for any cumulative impacts.
29. To date no cumulative impacts have been identified through the analysis. However, this process will be completed in time to be reported on in the final budget report in January 2020.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

30. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
31. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
 - Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster good relations between people who share protected characteristics and those who do not.
32. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.
33. Equality analysis is the mechanism by which the council considers these effects. The report sets out how it is proposed equality analysis will be undertaken in relation to the budget proposals.
34. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

REASONS FOR URGENCY

35. Each year, the council updates a detailed Policy and Resources Strategy covering, as a minimum, the following financial year. This report updates the 2020-21 to 2022-23 budget planning process and the detailed work on budget proposals following the Spending Review announcement on 4 September 2019. This work continues over the coming months in order to meet the timetable to prepare a budget proposal for submission to council assembly in February 2020.

REASONS FOR LATENESS

36. The Government announced its spending plans for 2020-21 and timetable on the future financial framework and funding arrangements for future financial years on 4 September 2019.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|-------------------------------|
| Policy and resources strategy 2019-20 – revenue budget (item 2.1) | 160 Tooley Street London SE1 2QH | Rob Woollatt 020 7525 0614 |
| http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=6096&Ver=4 | | |
| Policy and resources strategy 2020-21 – scene setting report (item 26) | 160 Tooley Street London SE1 2QH | Rob Woollatt 020 7525 0614 |
| http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6414&Ver=4 | | |

APPENDICES

| No: | Title |
|------------|--|
| Appendix 1 | Local Government Association: On the Day Briefing 4 September 2019 |
| Appendix 2 | Letter from the Secretary of State for Housing, Communities and Local Government |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Cabinet member | Councillor Victoria Mills, Finance, Performance and Brexit | |
| Lead officer | Duncan Whitfield, Strategic Director of Finance and Governance | |
| Report author | Rob Woollatt, Interim Departmental Finance Manager | |
| Version | Final | |
| Dated | 12 September 2019 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Director of Law and Democracy | Yes | Yes |
| Strategic Director of Finance and Governance | N/A | N/A |
| Cabinet Member | Yes | Yes |
| Date final report sent to constitutional team | | 12 September 2019 |

Local Government Association

2019 Spending Round: On the Day Briefing

4 September 2019



The 2019 Spending Round outlines the Government's spending plans for 2020/21 by setting budgets for each central government department. The full set of documents is available on [the Treasury website](#).

The LGA has published a [media statement](#) responding to the announcements.

Key messages

- The 2019 Spending Round has provided councils with much of the funding certainty and stability they need for next year. The Chancellor has announced a funding package of more than £3.5 billion for vital council services. This is the biggest year on year real terms increase in spending power for local government in a decade. This funding will allow councils to meet the increase in cost and demand pressures they face in 2020/21, which we assess as amounting to £2.6 billion.
- We are pleased the Government has responded to our calls and provided desperately-needed new money, including £1 billion for social care and £700 million for children and young people with special educational needs and disabilities. The Chancellor confirmed that key grants to local government will also continue next year.
- With this investment councils will be better able to ensure older and disabled people can live the lives they want to lead. Councils will also be better able to support our most vulnerable young people, and to continue to improve their local areas.
- The proposed council tax referendum limit of two per cent will raise £1.1 billion after taking into account the increase in the tax base. The ability to levy an adult social care precept for a further year gives councils the potential to raise a further £500 million to help people in our communities who need care and support. However, council tax cannot provide a long-term solution to funding social care, as council tax raises different amounts of money in different parts of the country, which is not necessarily related to need.
- It is helpful that the Government has clarified its intention to introduce 75 per cent business rates retention and the Fair Funding Review in April 2021. This will allow time for the remaining decisions over the design of the reforms to be made by the Government including consultation with councils.
- This Spending Round shows that the LGA and councils are successfully making the case that investing in local government is good for the nation's prosperity, economic growth and health and wellbeing. The evidence shows that giving councils the freedom and funding to make local decisions improves national outcomes.

Briefing

Lee Bruce, Head of Public Affairs and Stakeholder Engagement
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 Tel 020 7664 3097
www.local.gov.uk

- We will work with the Government on how its Queen’s Speech can reignite the devolution process so councils can continue to lead their local areas and improve the lives of their residents. Over the coming year we will continue to press for long-term financial certainty and sustainable funding for local government.

The Spending Round in detail

Public finances and general funding for local government

The Chancellor announced that:

- The Government has set Total Managed Expenditure in 2020/21 at £878.6 billion, a 2.4 per cent increase in real terms. Of this, £352.3 billion will be allocated to day-to-day budgets for Government departments (an increase of 4.1 per cent in real terms).
- Local authority core spending power is projected by the Government to rise by 4.3 per cent in real terms, or £2.9 billion in cash terms in 2020/21. Combined with announcements on high-needs funding for schools, public health funding and the increase to the NHS contribution to adult social care through the Better Care Fund, local authorities can benefit from more than £3.5 billion of additional resources.
- If local tax income is excluded, the underlying general funding to local government (also known as the local government Departmental Expenditure Limit (LG DEL)) will rise by £1.1 billion, or 12.4 per cent in real terms. This compares to a 3.1 per cent real terms increase to NHS England and a 3.3 per cent real terms increase to education.

| Measure | 2019/20, £bn | 2020/21, £bn | Change, £bn | % change, real terms |
|---------------------------------------|--------------|--------------|-------------|----------------------|
| Local government core spending power* | 46.2 | 49.1 | 2.9 | 4.3% |
| LG DEL | 7.5 | 8.6 | 1.1 | 12.4% |
| NHS England, day-to-day | 123.7 | 129.9 | 6.2 | 3.1% |
| Department for education, day-to-day | 64.0 | 67.8 | 3.8 | 3.3% |
| Total managed expenditure | 842.8 | 878.6 | 35.8 | 2.4% |

* Subject to data changes, the final figures will be published in the 2020/21 local government finance settlement

Source: (LGA analysis of Spending Round book figures: table 1.1, page 5, table 2.1, page 9, table 2.2, page 10, table 2.12, page 16, and associated footnotes; page 17, paragraphs 2.30-2.32)

LGA view

- This is the biggest year on year real terms increase in spending power for local government in a decade. This funding will allow councils to meet the rising cost and demand pressures they face in 2020/21.
- This Spending Round shows that the LGA and councils are successfully

making the case that investing in local government is good for the nation's prosperity, economic growth and health and wellbeing. The evidence shows that giving councils the freedom and funding to make local decisions improves national outcomes and saves money for the public purse.

- The increase in government grant funding for adult and children's social care recognises our view that the full burden of increasing costs of these vital services should not have to be met by council tax payers.
- We look forward to working with the Government to ensure that the 2020 Spending Review builds on this Spending Round by ensuring sustainable long-term funding for local services. We will continue to build the case for local government through [our CouncilsCan campaign](#).

Business Rates and the Fair Funding Review

The Chancellor announced:

- Local Government's business rate baseline funding levels will increase in line with inflation. (*Page 17, paragraph 2.28*)
- The Government has written to councils announcing that a decision has been taken to delay the implementation of 75 per cent business rates retention and the Fair Funding Review until April 2021.

LGA view

- It is helpful that the Government has clarified its intention to introduce 75 per cent business rates retention and the Fair Funding Review in April 2021. This will allow time for the remaining decisions over the design of the reforms to be made by the Government including consultation with local authorities. The Government should commit to removing the impact of appeals on local authorities as part of the reforms.
- To enable authorities to effectively plan for the changes, councils need exemplifications of what the reforms mean for their financial position as soon as possible.
- Appropriate transition mechanisms will also need to be put in place to avoid unsustainable shocks to any one local authority. This includes ensuring that no council sees their funding reduce.

Council tax

The Chancellor announced that:

- The Spending Round assumes a two per cent Core Referendum Principle and a 2 per cent Adult Social Care Precept for illustrative purposes. As is customary, the government will consult on Council Tax Referendum Principles later this year as part of the Local Government Finance Settlement. (*Page 17, paragraph 2.28, note 5*)
- The government will consult on a 2 per cent Adult Social Care precept that will enable councils to access a further £0.5 billion. (*Page 17, paragraph 2.28*)

LGA view

- The LGA will respond as usual to the consultation on the referendum principles in the Local Government Finance Settlement. We have always maintained that the council tax referendum limit should be abolished so councils and their communities can decide how local services are paid for, with residents able to democratically hold their council to account through the ballot box.
- Whilst it is good that there will be flexibility for councils to raise the adult social care precept by a further two per cent in 2020/21, this is not a sustainable solution. Increasing council tax raises different amounts of money in different parts of the country, unrelated to need. This also adds an extra financial burden on already struggling households.

Social care

The Chancellor announced:

- An additional £1 billion will be made available for adult and children's social care next year. *(Page 9, paragraph 2.3)*
- This is in addition to maintaining £2.5 billion of existing social care grants. *(Page 17, footnote 4)*
- The Government will consult on a 2 per cent adult social care precept that will enable councils to access a further £500 million funding. *(Page 9, paragraph 2.3)*
- The NHS contribution to adult social care through the Better Care Fund will increase by 3.4 per cent in real terms *(Page 17, paragraph 2.31)*

LGA view

- An additional £1 billion for social care (children's and adults) is very welcome and shows that the Government has listened to our, and our partners', repeated calls for urgent investment to stabilise these vital services. Councils have a deep understanding of their local communities' needs and therefore need maximum discretion to direct this new funding; we therefore seek clarification that the funding will be un-ringfenced.
- As the £1 billion comes on top of existing grants, this confirms that key grants, including the improved Better Care Fund and winter pressures funding, will continue next year. This is very helpful and provides the much-needed certainty of funding that we and our member councils have been calling for.
- The continuation (subject to consultation) of the adult social care precept also helpfully gives councils potential to raise a further £500 million next year. This will help to ensure people's needs are met with good quality and responsive services and shore up the provider market. Although the distribution of council tax income does not necessarily relate to where the needs lie.
- The Spending Round is positive for social care and will help in the coming year. However, with people living longer, pressures will continue to rise. If people of all ages are to fulfil their potential, maximise their independence and live the lives they want to lead then we need national solutions to how we fund

care and support for the long-term. The Government must publish its proposals for the future of adult social care at the earliest opportunity and work on a cross-party basis to spark a truly nationwide public debate about the value of social care and how, as a nation, we will pay for it in the years ahead.

- The issue of relatively low pay in the social care sector is highlighted regularly and this settlement provides resources to begin to address this challenge. In the long term the low pay issues needs to be addressed as part of the arrangements for the future funding of both adult and children’s social care.
- The Better Care Fund (BCF) is important in funding adult social care and integrated services. The protection of adult social care funding has always been a national condition of the BCF. We support local systems to improve safe and timely discharge from hospital but the disproportionate focus on delayed transfers of care (DTC) is having a negative impact on community and social care provision by directing funding away from these vital services.
- The LGA will work with Government to seek to return the BCF to its original aims of protecting adult social care, supporting prevention and community based support, and promoting integration.

Public health

The Chancellor announced:

- A real terms increase to the Public Health Grant budget, which will ensure local authorities can continue to provide prevention and public health interventions. *(Page 2, paragraph 1.9 – amount to be confirmed)*

LGA view

- A real terms increase for public health is a welcome change of direction and recognises councils’ record on public health improvement, which means this will be money well spent. In the long term we will continue to work with the Government to address the additional financial pressures on public health services.
- We strongly believe that prevention is better than cure and councils need adequate funding for their public health services to help achieve a healthier, more equal and prosperous society.
- Improving the health of the population and the success of the NHS plan are dependent on a significant increase in preventative activity and councils’ public health functions must be sustainably funded to support this ambition.

Education and children

The Chancellor announced:

- The schools budget will rise by £2.6 billion in 2020/21, £4.8 billion in 2021-22 and £7.1 billion in 2022/23, compared to 2019/20 funding levels. Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions. *(Page 10, paragraph 2.6)*

- The government will ensure that per pupil funding for all schools can rise in line with inflation (1.8 per cent) in 2020/21. For schools already on their National Funding Formula allocation, the per-pupil values in the formula will increase by at least 4 per cent in nominal terms in 2020/21. The minimum per pupil amount for 2020/21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021/22 in line with the government's commitment. (*Page 10, paragraph 2.7*)
- This settlement also provides over £700 million more in 2020/21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential. (*Page 10, paragraph 2.8*)
- An increase to early years spending of £66 million to increase the hourly rate paid to childcare providers through the government's free hours offers. (*Page 10, Paragraph 2.10*)
- An additional £30 million to safeguard children from child sexual exploitation and abuse. Increasing funding for cutting-edge technology and the best intelligence and law enforcement capabilities will enable police officers to continue to target the worst and most sophisticated offenders. (*Page 11, paragraph 2.12*)
- DCMS will develop proposals for a new Youth Investment Fund to set out plans to build more youth centres, refurbish existing centres, and deliver high quality services to young people across the country. (Chancellor's speech)

LGA view

- The LGA welcomes the Government's announcement to increase schools budgets by £7.1 billion by 2022/23, as well as an additional £700 million for council high needs budgets to support children and young people with Special Educational Needs and Disabilities (SEND) for 2020/21.
- We are pleased that the LGA's call for more money to be made available to support children with SEND has been recognised and in the longer term we are keen to work with the Government to tackle the high needs funding gap facing councils as demand for support continues to increase. We want to see all schools become more inclusive so that more children with high needs can be appropriately supported in mainstream schools.
- Feedback from the early years sector and our own research showed that funding for implementing the early years offer is insufficient so the announcement that there will be an increase in funding in early years is positive. We look forward to more information and detail on how these extra resources will be allocated and distributed.
- The extra funding to safeguard children from sexual exploitation and abuse is positive. We look forward to further clarification and detail on how these resources will be used to strengthen national, regional and local infrastructure so that we can ensure that all children and young people can be safe from harm.
- We await details of the amount of additional funding proposed for the Youth

Investment Fund and will work with the DCMS and other national youth bodies to shape this fund and ensure the development of an effective, efficient, high quality youth services.

Additional funding for Health Education England

The Chancellor announced:

- A 3.4 per cent real terms increase in the Health Education England (HEE) budget. This will include an additional £150 million for Continuing Professional Development (CPD), providing a £1,000 central training budget for each nurse, midwife and allied health professional over three years, as well as increased funding for wider education and training budgets to support delivery of the NHS Long Term Plan. *(Page 9, paragraph 2.2)*

LGA view

- Local government needs confirmation that the £210 million set aside for nurses' continuing professional development will extend to the public health nursing workforce, such as health visitors and school nurses, and health professionals employed in the health sector. This funding should be open to them, regardless of whether they are directly employed by the NHS, local authorities, or social and private enterprises.

Housing and homelessness

The Chancellor announced that:

- The MHCLG settlement will include £422 million resource funding to help reduce homelessness and rough sleeping, including an additional £54 million in 2020/21. This represents a real terms increase of 13 per cent compared to 2019/20. *(page 16, paragraph 2.26)*
- MHCLG will consult on mandatory accessible housing standards in building regulations, ensuring new properties are built with good accessibility standards to reflect the needs of older and disabled people. *(Page 36, paragraph B.9)*

LGA view

- The LGA is pleased that the Government has listened and is providing this vital additional resource for the year ahead. This will enable local authorities to continue to prevent people from becoming homeless, and relieve homelessness for those who have already reached crisis point.
- However, with levels of statutory homelessness continuing to rise, a long term solution is needed to allow councils to place homelessness services on a sustainable footing and prevent people from losing their home.
- Further, with 1.1 million people on council waiting lists, it is important that councils have powers to invest in new homes for those that need them. This includes urgent reform to the Right To Buy scheme, to enable councils to retain all sales receipts and set discounts locally.
- New homes should be accessible or easily adaptable for people of all ages

and needs. It is vital that national rules incentivise the building of accessible homes. This will support people to live well for longer in their own homes and, alongside adapting existing housing where the majority of people live, will help to relieve pressure on health and social care.

Discretionary Housing Payments

The Chancellor announced:

- £40 million additional funding for Discretionary Housing Payments to tackle affordability pressures in the private rented sector in England and Wales
(Page 21, paragraph 2.42)

LGA view

- There is an urgent need to address affordability in the private rented sector. Our core ask has been, and remains, for the Government to restore Local Housing Allowance rates to cover at least the cheapest third of private rents (the 30th percentile) when the freeze ends in 2020, at an estimated cost of £820 million for 2020/21.

Universal Credit

The Chancellor announced:

- £23 million to fund a range of other measures, including support for vulnerable claimants and people with complex needs migrating to Universal Credit, additional outreach activities to support those who are homeless, and increasing the number of Armed Forces champions to support veterans when entering the labour market. (Page 21, paragraph 2.42)

LGA view

- Government should properly recognise and resource the vital role which councils play in providing a local safety net. We would like the Department for Work and Pensions to more effectively integrate support for claimants with wider support that councils and their partners fund and provide at a local level.
- The Department for Work and Pensions should engage closely and effectively with the LGA, councils and their local partners in designing and implementing these measures.

Home ownership and the Help to Buy Equity Loan

The Chancellor announced:

- There will be continued support to increase home ownership through the Help to Buy equity loan and other housing programmes, including providing Homes England additional funding to deliver more homes where people need them
(Page 16, paragraph 2.26)

LGA view

- Councils are supportive of home ownership and of promoting options that work for local communities.

- The current Housing Infrastructure Fund administered by Homes England is critical to the delivery of new homes. It is crucial that this funding is allocated to councils quickly so that works can commence as soon as possible.

Building Safety Programme

The Chancellor announced:

- £24 million additional funding for the Building Safety Programme to support the new building safety regime and help prevent a tragedy like Grenfell happening again. This comes on top of £600 million of Government funding for the removal of aluminium composite material (ACM) cladding in the private and social residential sectors. *(Page 16, paragraph 2.26)*

LGA view

- Local authorities are now engaged in identifying what, if any, cladding systems are on the outside of all high-rise residential buildings. This is a substantial task involving inspecting over 10,000 buildings. While the additional funding to support the new building safety regime is welcome, councils need to be funded to undertake this work, and we will be pursuing new burdens funding with the Government.
- The allocation of £600 million for the removal of ACM cladding in the private and residential sectors has been vital in ensuring high-rise residential buildings are made safe without the cost falling on residents. However councils will also need funding to address other building safety issues, including replacing other dangerous cladding systems and fire doors that do not meet the required standard.
- The Government needs to give consideration to taking a holistic approach to addressing these fire safety issues and for example funding building owners to also remove HPL cladding systems.

Fire and Rescue Service

The Chancellor announced:

- A 6.3 per cent increase in real terms to the Home Office's resource budget from 2019/20 to 2020/21. This is the largest planned annual growth rate in at least 15 years. *(page 11, paragraph 2.12)*

LGA view

- The LGA is seeking more detail from the Home Office on what this increase will mean for Fire and Rescue Services. The LGA has been working with the Home Office to make the case for further funding to answer the cost pressures felt by the service due to risk and demand.

Tackling serious violence

The Chancellor announced that:

- A 6.3 per cent increase in real terms to the Home Office's resource budget from 2019/20 to 2020/21. *(Page 11, paragraph 2.12)*
- An extra £750 million for policing to begin delivery of the government's commitment to recruit 20,000 additional officers by 2023 (up to 6,000 officers are to be in place by the end of 2020/21), providing them with the resources they need to tackle serious violence. *(Page 11, paragraph 2.12)*

LGA view

- It is positive to see additional funding being made available to tackle the serious violence in our communities.
- Given rates of knife crime, significant cuts to trading standards budgets and the extra activity needed to enforce the Offensive Weapons Act, the Home Office should use its additional resources to increase its Prosecutions Fund and extend it to more councils. The fund has assisted councils to tackle illegal knife sales and help protect people from harm by prosecuting retailers flouting the law. Further investment in the fund would increase the number of prosecutions.

Serious and organised crime

The Chancellor announced:

- The Government will undertake a formal review of the powers, capabilities, governance and funding needed across the policing and law enforcement landscape, including the National Crime Agency and the wider justice system, to enable it to improve its response to serious and organised crime in all its forms. This will report in advance of Spending Review 2020. The terms of reference for the review will be agreed between HM Treasury and Home Office and announced in due course. *(Page 12, paragraph 2.14)*

LGA view

- Councils have an important role in tackling serious and organised crime groups, using the wide range of powers available to them such as those given to trading standards. Councils' work targeting the sale of counterfeit tobacco or financial investigations help identify criminal networks and the location of assets for confiscation purposes.
- This work relies on councils being able to access crucial intelligence through Suspicious Activity Reports (SARs) identifying potential money laundering. However, councils' access to SARs has recently been reduced by the National Crime Agency.
- It is vital that councils' long term access to the SARs database is secured, and that trading standards services are resourced to play their part in tackling serious and organised crime.
- The review announced by the Chancellor must link in with ongoing work to reform SARs and ensure that all councils are able to access intelligence from the SARs database without this creating a new burden.

Reducing reoffending

The Chancellor announced:

- Additional funding to support the ongoing reform of the probation system, which will help reduce reoffending and improve the quality of post-custody supervision. *(Page 12, paragraph 2.15)*

LGA view

- Reducing re-offending is critical to the creation of safer and stronger communities. We therefore welcome the additional funding to support the ongoing reform of the probation system.
- Reducing re-offending requires an integrated multi-agency approach drawn from health, police, probation, prisons, local authorities, Jobcentre Plus, housing associations and other key partners. The Ministry of Justice should consider how this additional funding is used to support council services that contribute to reducing re-offending and cutting crime. It should also consider how the number of people entering the criminal justice system can be minimised through a greater emphasis on prevention and early intervention.

Troubled Families programme**The Chancellor announced:**

- Continued funding for the Troubled Families programme, which is transforming the way public services are delivered to support families with complex needs. *(Page 16, paragraph 2.26)*

LGA view

- The LGA is pleased that the settlement for the Ministry for Housing and Local Government includes continued funding for Troubled Families, recognising the value and importance of the role that councils have played in delivering effective preventative public services.
- The LGA supports an integrated approach to early help. It is vital that the department continues to work closely and effectively with councils and their partners to deliver sustainable improvements in outcomes for families with complex needs.

English as a second language**The Chancellor announced:**

- £10 million additional funding for English as a second language provision. This will enable the second wave of the Integration Areas Programme. *(Page 16, paragraph 2.26)*

LGA view

- We are pleased that funding for the Integration Areas programme will continue into next year. However it is important that the focus for the programme continues to address a range of issues essential to building integration.

- The Integration Areas programme provides real opportunities to develop ambitious and comprehensive approaches to building cohesion and integration. It is important that the outcomes from the programme are shared more widely beyond the five pilot areas.

EU funding

The Chancellor announced that:

- In the event the UK leaves the EU without a deal, the government has guaranteed funding for UK organisations in receipt of money from EU programmes, if required. *(Page 3, paragraph 1.12)*

LGA view

- We have worked with Government to prepare councils for the UK's exit from the EU, including seeking a guarantee of EU funding in a no deal scenario. The LGA welcomes the Chancellor's reiteration of the Government's guarantee of funding, which provides clarity for programmes and projects funded by the European Structural and Investment Funds Programme (ESIF) 2014/20.

UK Shared Prosperity Fund

- The Chancellor made no announcements on the UK Shared Prosperity Fund (UKSPF).

LGA view

- We have continually urged the Government to set out the detail of the UKSPF – the Government's replacement of EU funding. Today's spending round lacks any further detail on the overall quantum of funding, allocation and distribution of UKSPF and how it will align with other growth funding. The LGA is keen to work with the Government to co-design the new programme. It should be a viable, locally driven and democratically accountable programme that is at least equal in value to the funding streams it is replacing.
- EU funding has, and continues to be, a critical funding resource utilised by local authorities, Local Enterprise Partnerships, businesses and the community and voluntary sector to create jobs, support small and medium enterprises, deliver skills, build infrastructure and boost local growth in all types of areas across the country. The ESIF Programme has provided £5.3 billion of EU funding to local areas in England and it is essential there is not a gap before the introduction of a domestic replacement.

Trade and investment

The Chancellor announced that:

- The Department for International Trade settlement includes funding for the new trade policy framework as the UK leaves the EU. *(Page 20, paragraph 2.41)*

- The Department for International Trade settlement includes funding for the DIT overseas network, regional and sector teams and programme of activities to support UK businesses around the world, break down barriers to trade and strengthen the UK's leading position as a destination for inward investment. *(Page 20, paragraph 2.41)*

LGA view

- Exports and inward investment play a crucial part in driving the national economy. With their knowledge of local economies, powers over local infrastructure planning and strong track record of building connections with localities across the world, councils are uniquely positioned to attract inward investment and work with small and medium sized businesses to increase exports to foreign markets.
- It is essential that the development of a new trade policy framework recognises the important contribution of councils in this space and local government must be meaningfully engaged throughout this process. This is in line with the International Trade Committee's [recommendation](#) that local government should have a voice in all aspects of the trade policy process.

Replacement of the Common Agricultural Policy

The Chancellor announced:

- An additional £20 million to support delivery of Defra's replacement for the Common Agricultural Policy in England, which will prioritise environmental outcomes. *(Page 19, paragraph 2.38)*

LGA view

- The replacement of the Common Agricultural Policy presents an opportunity to provide a more place-based approach to land-use planning that better aligns with local priorities and environmental outcomes. Councils must have a voice in the development of a new national land management policy to ensure greater accountability in any new scheme.

Tourism

The Chancellor announced:

- The Department for Digital, Culture, Media and Sport settlement includes continuation of the Discover England Fund to promote inbound tourism and showcase visitor destinations across England. *(Page 19, paragraph 2.36)*

LGA view

- This is positive and will allow more councils and local partners to access funding to boost tourism and local economic growth. Local areas must have the flexibility to use the funding in line with local priorities.

Town centres and high streets

The Chancellor announced that:

- A total of £241 million from the Towns Fund in 2020/21 to support the regeneration of high streets, town centres and local economies (*Page 16, paragraph 2.26*)

LGA view

- This funding will help councils to revitalise and repurpose their high streets and town centres. In order to enable councils to get the best long term outcomes for local communities and businesses it will be important that the fund is flexible and that any processes for bidding are kept simple and proportionate.

Buses**The Chancellor announced:**

- Over £200 million of increased funding to transform bus services, making best use of technology and promoting decarbonisation, to help people make the everyday journeys that matter most to them. (*Page 17, paragraph 2.33*)

LGA view:

- This funding will help to support the bus industry and make bus travel more attractive and greener. We await details of how it will be allocated and what proportions will be available to meet which priorities.
- However, it does not address the £652 million funding gap in the concessionary fares scheme which councils have to fund from their own resources. This gap should be addressed through additional funding and greater scheme flexibility at the local level. We would also like Bus Services Operating Grant to be devolved to councils.

Air Quality**The Chancellor announced:**

- More than £30 million increase in funding for air quality. (*Page 19, paragraph 2.38*)

LGA view:

- These additional resources will help efforts to improve air quality. We have previously stated that the additional activity envisioned in the Government's air quality strategy will need significant extra investment. We look forward to seeing the details of how this money will be allocated and how it will fit with any changes to councils' roles through the forthcoming Environment Bill.

Environment**The Chancellor announced:**

- The Department for Business, Energy and Industrial Strategy (BEIS) will have an additional £30 million to accelerate progress on developing decarbonisation schemes that will help to move the UK towards its Net Zero greenhouse gas emissions target by 2050. *(Page 18, paragraph 2.34)*
- The Department for Environment, Food and Rural Affairs (DEFRA) will have an additional £30 million for terrestrial and marine biodiversity measures, to support the maintenance and restoration of vital habitats for wildlife, progress nature-based solutions for climate change mitigation and adaptation, and deliver the 25 Year Environment Plan. *(Page 20, paragraph 2.38)*

LGA view

- Over 200 councils have now declared a Climate Emergency. Councils are committed to achieving zero carbon emissions, but this will require resources and additional powers. We will work with DEFRA and BEIS to seek more detail on the funding and the role of local government.
- Councils can play an important role in increasing biodiversity through the planning process. The next steps for biodiversity net gain proposals must address the capacity issues in council planning departments and the need to increase ecological expertise.

Armed Forces Veterans

The Chancellor announced:

- £5 million for the new Office for Veterans' Affairs, which will coordinate across the public sector to improve support for veterans – from ensuring they get the medical treatment they require, to further training and skills after they have transitioned from service to keep them in good jobs, to targeted interventions to prevent veteran homelessness. *(Page 22, paragraph 2.46)*

LGA view

- Confirmation of funding for the Office of Veterans' Affairs is a positive step and an opportunity to build upon the support councils and local partners already offer to veterans, including housing, money advice, employment, skills, health and care. Veterans deserve the best support, and councils look forward to working with the Government to ensure that they receive that.

Digital Infrastructure

The Chancellor announced:

- Further detail on how the UK will make progress towards its ambitious targets for full fibre broadband will be set out in the National Infrastructure Strategy this autumn. *(Page 19, paragraph 2.37)*

LGA view

- We look forward to seeing the detail of how the Government will meet its universal full fibre broadband target, which by its own estimates will require an additional £5 billion funding. The forthcoming strategy is also an opportunity to

address poor 4G mobile coverage in rural areas. The LGA has asked Government to work with Ofcom to launch a mobile roaming scheme for rural areas should 4G geographic coverage not reach 95 per cent by 2022.

Regulatory services

The Chancellor announced:

- Increased funding in line with inflation for the Competition and Market Authority's work supporting competition and consumers, including taking over responsibility for the largest and most complex competition cases from the European Commission when the UK leaves the EU. (*Page 24, paragraph 2.54*)
- Funding for the Food Standards Agency to protect its core function in maintaining food safety and standards, including after the UK leaves the EU. (*Page 24, paragraph 2.54*)

LGA view

- It is positive that the Government has announced additional funding to protect residents, consumers and responsible businesses by supporting vital regulatory work.
- However, the work of national regulators is often reliant on the delivery of local trading standards and environmental health. Budgets and staffing in these services have been cut by around half since 2010.
- There is a pressing need for the Government to come up with a sustainable funding model for food and other vital areas of regulation. This either needs to be through businesses meeting the costs of regulation, or through councils being properly funded to fulfil their regulatory responsibilities.

Public Value Framework

The Chancellor announced that:

- The government is embedding a new Public Value Framework to maximise the value the government delivers with the money it spends, based on the recommendations of Sir Michael Barber's report 'Delivering better outcomes for citizens'. These reforms will mean future spending decisions, including the multi-year spending review next year, will be shaped by a greater focus on the outcomes to be delivered and informed by better evidence on performance and impact. They will help ensure the government delivers the best value for taxpayers' money, and will put the UK at the forefront of international approaches to driving public value. (*Page 6, paragraph 1.24*)

LGA view

- Councils work hard to deliver best value services for residents and local government is widely acknowledged as the most efficient part of the public sector. Through the Sector Led Improvement programme the LGA supports councils to deliver the best services they can with the resources available, mirroring key aspects of the Public Value Framework in our corporate peer challenges. The Framework is reflected in our Transformation and Information Exchange (TIEX) which we launched at LGA conference in July.

Rt Hon Robert Jenrick MP

Secretary of State for Housing, Communities and Local Government



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4th September 2019

Dear Colleagues,

Further to the Chancellor's announcement of the outcome of the 2019 Spending Round, I am pleased to be able to write to you setting out in further detail the action the Government is taking to support Local Authorities for next year.

Local government has a vital role in delivering essential public services and is the democratic heartbeat of local communities right across the country. That is why the Spending Round has confirmed that there will be an additional £3.5 billion available in 2020/21 to support local councils. Within this, next year's settlement is estimated to increase Core Spending Power by a total of £2.9 billion, a 4.3% real terms increase – year on year the largest increase in ten years. Including:

- The Government will provide a further £1bn of grant funding for social care - both for children and adults – and enable local authorities to raise up to a further £500 million via a 2% increase in council tax through the Adult Social Care precept, which we will consult on.
- There will also be an additional £700 million to support children with Special Educational Needs which will be provided via the Dedicated Schools Grant.
- The core settlement (baseline funding levels and Revenue Support Grant), which will be uprated by £300m.
- The Public Health Grant will increase in line with inflations and the Department of Health and Social Care's contribution will grow in line with the additional investment in the National Health Service next year.

This is on top of existing funding, and I can also confirm that all existing grants to support social care will continue, in total worth £2.5 billion next year, delivering one of the key priorities for the Local Government Association.

The Chancellor has also confirmed that my department's budget next year will include a further £54 million to combat rough sleeping and homelessness and an additional £24 million to continue to improve building safety.

I am very pleased that the Spending Round announcement means we we can now give Local Authorities the certainty they have been asking for. We will shortly be issuing a technical consultation on this year's Local Government Finance Settlement, setting out further details. This will be followed by the detailed allocation of funding on a local authority by local authority basis in the provisional Local Government finance settlement later this year.

Given the need to provide certainty and stability for next year, I am delaying the longer-term reforms, including business rates retention and fairer funding (Review of Relative Needs and Resources), that we have been planning for the local government finance system until 2021-22. I recognise that these reforms are very important, however the priority in the short term is clearly to provide the certainty that councils need to be able to set budgets for next year, which will include the implementation of these reforms.

I look forward to working with you and with all councils across England over the coming months.

A handwritten signature in black ink that reads "Robert Jenrick." The signature is written in a cursive style with a long horizontal stroke underneath the name.

RT HON ROBERT JENRICK MP

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