

APPENDIX 2

Rt Hon Robert Jenrick MP

Secretary of State for Housing, Communities and Local Government



**Ministry of Housing,
Communities &
Local Government**

Ministry of Housing, Communities and Local Government

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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. Below the signature is a single horizontal line.

RT HON ROBERT JENRICK MP