

## Headlines from Spending Review

### General

Core Spending Power of Councils increases by 4.5% or £2.2 billion to £51.2 billion in 2021-22. Sigoma estimate the composition of this to be approximately:

	£m
Assumed Council Tax increase	1,500
Additional social care grant	300
CPI inflation	300

The assumed council tax increase is based upon 5% increase to council tax charges covering both core increase and adult social care precept.

### Covid19 funding

In addition to core spending power government have provided for an additional £3 billion of Covid funding nationally in 2021-22 made up of:

	£ billion
Grant funding for further covid 19 pressures	1.550
Help with Council Tax support scheme costs	0.670
A 75% contribution to Council Tax and Business Rate irrecoverable losses relating to 2020-21	0.762
Extending the compensation for irrecoverable Sales Fees and Charges pressures to June 2021	0.018

It is worth noting that the value of covid related support identified above assumes an improving position in 2021/22 in terms of financial impacts upon local government however this will be subject to review.

Funding allocations have not been confirmed although it is hoped that the timing of announcements will be in line with the provisional settlement which is expected week beginning 14<sup>th</sup> December. The definition and method of calculation of irrecoverable council tax and business rates losses will be key to understanding the impact upon 2021/22 and it is anticipated that the details of the scheme will be available in December.

### Council Tax

Council Tax referendum limits will be maintained at up to 2% with an additional 3% adult social care precept permitted for upper tier councils. There will potentially be flexibility to apply the 3% precept over a two year period so 2021/22 and 2022/23.

Police and Crime Commissioners will have a £15 council tax referendum limit at band D level.

Any referendum limits relating to mayoral combined authorities will be announced with the provisional settlement.

## **Business Rates**

Business rate multiplier will be frozen in 2021/22 with councils being compensated for the loss in business rate income.

The government will not proceed with a reset of business rates baselines in 2021/22 and will maintain the existing 100 per cent business rates pilots for a further year. It is now anticipated that the reset will be implemented in 2022/23.

The government has not confirmed whether the covid related business rates relief scheme will continue into 2021/22.

## **New Homes Bonus**

It was anticipated that NHB would end in its current form in 2021/22 with only legacy payments from earlier years being received. The government has now confirmed that the scheme will continue for another year with payments being made based upon growth in property numbers however no new legacy payments will be generated. Effectively this is an extension of the 2020/21 approach. We had anticipated the end of the scheme but also assumed that there would be some recycling of funding released through the termination of the scheme. MHCLG have confirmed that any underspend (presumably driven by lower numbers of new homes than anticipated due to covid and its wider impact on the economy) will be recycled within the overall local government funding envelope. A review of new homes bonus will be issued shortly for implementation in 2022/23.

## **PWLB**

PWLB lending rates reduced to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate taking them back to pre October 2019 level when the rate was adjusted in response to government concerns around the use of PWLB to engage in investments for yield.. Restrictions on the use of PWLB for commercial investment have been reaffirmed with authorities needing to confirm

that there will be no intention to invest in assets primarily for yield at any point in the next three years.

**Other funding announcements include:-**

The government is launching a new Levelling Up Fund worth £4 billion for England. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery with examples being bypasses, bus lanes, railway station upgrades, town centres. It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years. The government will publish a prospectus and launch the scheme in the new year.

The government has published Head of Terms for the Shared Prosperity Fund (the replacement for EU structural and investment funds) and will set out further details in Spring. The value of the SPF will average £1.5 billion per year with £220m being available for pilots in 2021/22. - further details to be published in the new year.

Troubled families programme will continue in 2021/22.

Public Health funding will be maintained but awaiting further details, for example is this a flat cash amount or adjusted for inflation.

MHCLG have confirmed that all social care grants will be rolled forward into 2021/22 in addition to the new funding of £300 million for social care which can be used for both adults and children's social care. The basis of allocating the £300m is still to be confirmed.

Capital investment in school buildings. Further funding for new school places for children with SEN and disabilities.

Capital investment to maintain and expand provision of secure children's homes.

Confirmation of housing capital grant funding for purposes such as land remediation and assembly.

Funding for various low carbon and energy efficiency measures such as making public buildings greener and retrofitting social housing.

Funding for active travel schemes (£257m) and local roads maintenance (£1.7bn)

Funding for rough sleepers and homelessness £254m of which £103m has been announced previously.

Additional £98m nationally to enable authorities to deliver new duty to support victims of domestic abuse and their children in safe accommodation.

Holiday Activities Fund of £220m to provide activities and healthy meals for disadvantaged children in Easter, Summer and Christmas holidays in 2021/2.