



Department for Levelling Up, Housing & Communities

Rt Hon Michael Gove MP

*Secretary of State for Levelling Up, Housing and
Communities
Minister for Intergovernmental Relations*

**Department for Levelling Up, Housing and
Communities**

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To: All Council Leaders in England

28th October 2021

Dear Leader,

LOCAL GOVERNMENT SPENDING REVIEW SETTLEMENT

Further to the Chancellor's announcement of the outcome of the 2021 Spending Review, I am pleased to write to you setting out further detail on the Government's plan to support councils over the next three years.

Local government has a vital role in delivering essential public services and improving communities right across the country. You are at the forefront of helping to reform social care, building the houses we need and supporting local businesses to thrive. This Government is determined to unleash the potential of this country and level up. This cannot be achieved without local government.

Core Spending Power for local authorities is estimated to increase by an average of 3% in real terms each year, including investment in Adult Social Care reform. By 2024-25 it is expected to rise to £58.9 billion. This increase in Core Spending Power follows year-on-year real terms increases since Spending Review 2019.

We are providing around £1.6 billion of additional funding each year of the Spending Review, including the funding for Family Help and Cyber. Local government can also expect to receive additional income in 2024-25 from the Extended Producer Responsibility scheme, for managing packaging waste in the final year of the Spending Review.

This will allow your councils to increase their spending on the vital public services they provide, such as Adult and Children's Social Care and will make sure those services can respond effectively to rising demand and cost pressures.

To help keep living costs low, for the purpose of the Spending Review 2021 settlement we are assuming the referendum threshold will be set at 2% per annum for Council Tax, with additional flexibility for social care authorities to be able to increase the Adult Social Care Precept by 1% per annum. This level of increases in bills would result in average annual increases in bills that are lower than any year since 2016-17. The Government's manifesto commits to continuing to protect local taxpayers from excessive council tax increases, and it is for the House of Commons to set an annual threshold at which a council tax referendum is triggered. This is an additional local democratic check and balance to avoid the repeat seen from 1997 to 2010 when council tax more than doubled.

The Government will always protect the most vulnerable in our society. That's why 300,000 of the most vulnerable families in society will be supported with an extra £200 million boost to the

Government's flagship Supporting Families Programme which supports families through complex issues that could lead to family breakdown.

COVID-19 has reaffirmed how crucial modern technology can be to enabling the delivery of local public services. We will therefore be making an additional £37.8 million available to help improve and maintain cyber resilience in local authorities.

We will set out our proposed approach to allocating funding in 2022-23 through the provisional Local Government Finance Settlement and will engage further with the sector on wider reforms to be implemented in subsequent years.

ADDITIONAL DLUHC LOCAL GOVERNMENT SPENDING

Further announcements demonstrate that Levelling Up is at the heart of the Government's agenda: empowering local leaders and communities to seize their own destiny; boosting living standards, particularly where they are lower; spreading opportunity and improving public services; and restoring local pride in places across the UK.

UK Shared Prosperity Fund

The Budget and Spending Review reaffirms that through this fund all nations will at a minimum receive the same funding as under previous EU structural funds. The Government will also match current EU funding levels in Cornwall.

Levelling Up Fund

We have announced the first 105 places in the UK to receive £1.7 billion funding from the £4.8 billion Levelling Up Fund, putting community priorities at the heart of our investment through delivery of genuine local priorities.

Community Ownership Fund

We have announced the first 21 projects to receive funding from the £150 million Community Ownership Fund, to help communities up and down the country to protect and manage their most treasured assets.

We have provided a further £9 million to create over 100 green spaces across the UK on unused, undeveloped, or derelict land that will broaden accessibility for all.

Housing and Homelessness

An additional £1.8 billion will be provided to deliver Government's commitment to a £10 billion investment in housing which will help unlock over 1 million new homes and regenerate underused land to deliver transport links, schools and community facilities. This includes £300 million locally-led grant funding for Local Authorities and Mayoral Combined Authorities to unlock smaller brownfield sites; and £1.5 billion for large scale brownfield, infrastructure and land investments.

I am reviewing planning reforms and an announcement on next steps will be made in due course. The Government is committed to improving the planning system, which we are delivering through a new digital system that provides more certainty and better outcomes for the environment, growth and quality of design. The additional £65m announced is critical to achieving this vision.

We have made significant investment in homelessness and rough sleeping during the pandemic, where we have reduced numbers sleeping rough by more than a third between 2019 and 2020. We will invest a further £639m each year by 2024-2025, which reflects an 85% cash increase compared to 2019-20 in resource funding and builds on existing progress.

Finally, I would like to take this opportunity to thank you for all the work you continue to do, supporting our communities and helping us to build back better. I look forward to working with you and the wider sector over the coming months. Together, we will level up this country and make sure every community thrives.

With every good wish,

A handwritten signature in black ink that reads "Michael Gove". The signature is written in a cursive style with a large initial 'M' and a long, sweeping underline.

Rt Hon Michael Gove MP
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and Minister for Intergovernmental Relations