



# Provisional Local Government Finance Settlement, 2022-23

Local Government Finance, DLUHC

# Provisional Local Government Finance Settlement headlines

## The Settlement:

- Local government has a vital role in delivering essential public services and improving communities right across the country – through this Settlement we are providing local authorities with a firm foundation for funding throughout 2022/23.
- This Settlement makes available an additional £3.5 billion to councils, including funding for adult social care reform. This is an increase in local authority funding for 2022/23 of over 4% in real terms, which will ensure councils across the country have the resources they need to deliver key services.
- In total, we expect Core Spending Power to rise from £50.4 billion in 2021/22 to up to £53.9 billion next year.
- Provides around £1.6 billion additional grant in 2022/23, including additional funding for Supporting Families and Cyber Resilience, which will be distributed outside of this Settlement.
- The £1.6bn also includes a one-off 2022/23 Services Grant, which gives local authorities an additional £822 million of funding for all services, and an additional £700 million for social care.

The provisional Settlement consultation will be open for 4 weeks, closing on 13 January 2022: <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2022-to-2023>

## LG DEL (Provisional Settlement):

Illustrative Core Spending Power of Local Government: (£ millions)**	2021-22	2022-23
Core Spending Power	50,400	<b>53,900</b>
Change since 2021/22 (£ millions)		<b>3,500</b>
Change since 2021/22 (cash terms % change)		<b>6.9%</b>
Change since 2021/22 (real % change)		<b>4.1%</b>

*\*\*Numbers rounded to the nearest £100m as appropriate. Figures are in cash terms unless stated otherwise.*

# Provisional Settlement: Core Spending Power

## Core spending:

- The Government is providing **around £1.6 billion** additional grant in 2022/23. This includes additional funding for Supporting Families and Cyber Resilience, which will be distributed outside of this Settlement.
- We are allocating most of that funding through the provisional Settlement, including through a one-off 2022/23 Services Grant, which gives local authorities an **additional £822 million** of funding for all services.

## Social Care:

- Local authorities can make use of **over £1 billion** of additional resource specifically for social care in 2022/23. This includes:
  - **£636 million more into the Social Care Grant**, including funding for equalisation against the 1% Adult Social Care precept
  - **£63 million into the improved Better Care Fund**, providing an inflationary uplift to support integrated working with the NHS
  - **a 1% ASC precept** and deferred flexibilities from last year's settlement.
- On top of this funding to address core pressures, **£162m in adult social care reform funding** will be allocated in 2022/23 to support local authorities as they prepare their markets for adult social care reform and to help move towards paying a fair cost of care.

## Income:

- This government recognises the importance of high-quality local services and believes in empowering local decision makers to shape thriving communities. This includes ensuring they have the flexibility to generate their own income through council tax, while protecting residents from excessive increases.
- This settlement proposes no other council tax referendum principles for Mayoral Combined Authorities or town and parish councils.

## LGDEL Breakdown:

Grant	
Component	Additional grant compared to 2021/22
2022/23 Services Grant	£822 million (Note – new grant)
Revenue Support Grant (RSG)	£70 million
RSG rolled in grants	£2 million
Social Care grant	£636 million
Improved Better Care Fund	£63 million
Council Tax	
Component	Level of flexibility
Core CT referendum principle	Up to 2%
Shire district council principle	Up to 2% or £5, whichever higher
Adult Social Care precept	Up to 1%
Fire precept	£5 for 8 FRAs
Police and Crime Commissioners precept	£10

*\*\* Numbers rounded to the nearest £m as appropriate. Figures may not sum due to rounding.*

## Settlement: other elements

### Stability of funding

- Through this package we are providing local authorities with a firm foundation for funding throughout 2022/23. This means we are proposing to roll over much of the 2021/22 Local Government Finance Settlement, including:
  - Rolling over the current approach to the New Homes Bonus worth £554 million.
  - Keeping the Rural Services Delivery Grant at £85 million.
  - Keeping the Lower Tier Services Grant at £111 million with an updated cash terms Core Spending Power funding floor to avoid turbulence for councils.
  - Uplifting Revenue Support Grant in line with inflation, an increase of £70 million.
  - Continuing with the 100% retention authorities in the 5 Devolution Deal areas and 67% for Greater London.
- We propose updating our Core Spending Power funding floor from last year. This will mean no council in England experiences a drop in Core Spending Power compared to last year in cash terms.

### Updating the system

- Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years.
- Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.
- As part of this we will look at options to support local authorities through transitional protection. Councils should note that one-off 2022/23 Services Grant funding provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections.