



Ministry of Housing,
Communities &
Local Government

The provisional local government finance settlement 2020-2021

Consultation paper

December 2019

Ministry of Housing, Communities and Local Government



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December 2019

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Scope of the consultation

Topic of this consultation:	This consultation covers proposals for the local government finance settlement for 2020-21.
Scope of this consultation:	<p>This consultation seeks views on proposals for the local government finance settlement for 2020-21, in particular from representatives of local government, before determining the final amount of Revenue Support Grant and its allocation to receiving authorities and the specified body.¹</p> <p>The consultation notifies representatives of local government of the general nature of the basis of distribution of Revenue Support Grant, and of the general nature of the basis of calculation of 'tariff' and 'top up' payments through this consultation document and accompanying documents, in particular the draft Local Government Finance Report for 2020-21.²</p>
Geographical scope:	These proposals relate to England only.
Impact assessment:	Since the Government does not envisage that the proposals within this consultation document will have an impact on business, no impact assessment has been produced.

Basic information

To:	The consultation will be of interest to local authorities and representative bodies for local authorities.
Body/bodies responsible for the consultation:	Local Government Finance Directorate within the Ministry of Housing, Communities and Local Government.
Duration:	This consultation is open to submissions for 4 weeks from 20 December 2019 to 17 January 2020.

¹ As required by section 78(5) of the Local Government Finance Act 1988.

² As required by section 78A(3) of the Local Government Finance Act 1988 and paragraph 12 of Schedule 7B to the same Act.

Enquiries:	For any enquiries about the consultation please contact lgfsettlement@communities.gov.uk
How to respond:	<p>You can respond to the questions in this consultation via a pro-forma at:</p> <p>https://www.gov.uk/government/consultations/local-government-finance-settlement-2020-to-2021-consultation</p> <p>If the link is inoperable, return address details and a list of consultation questions can be found in Annex B of this consultation document.</p> <p>Email details and an address for written responses can also be found in the pro-forma.</p>

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 2018, the General Data Protection Regulation and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Ministry of Housing, Communities and Local Government is bound by the Freedom of Information Act 2000 and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process, please contact us via the [complaints procedure](#).

1. Summary of proposals

1.1 Introduction

1.1.1 This consultation paper sets out the Government's proposals for the 2020-21 local government finance settlement. This document follows on from the technical consultation, launched in October 2019.³

1.1.2 We received 219 responses to the technical consultation, and a summary of responses has been published separately:

<https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2020-to-2021-consultation>

1.1.3 We are very grateful for your continued participation in the consultation process and all the representations received have been considered carefully.

1.1.4 This chapter provides a summary of the proposals contained within the 2020-21 provisional settlement.

1.2 Background

Spending Round 2019

1.2.1 On 4 September 2019, the Government set out the outcome of Spending Round 2019. Core Spending Power for local authorities in England will rise from £46.2 billion to £49.1 billion in 2020-21. This is an increase of £2.9 billion, or an estimated 4.4% in real-terms, the largest year-on-year increase in almost a decade.

1.2.2 To reflect the one-year Spending Round, the Government is proposing to 'roll forward' core components of the 2019-20 local government finance settlement.

1.2.3 Under our proposals, local authorities will be able to access £1.5 billion of additional funding across adult and children's social care next year. This will support local authorities to meet rising demand and recognises the vital role that social care plays in supporting the most vulnerable people in society.

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836539/Local_Government_Finance_Settlement_2020-21_Technical_Consultation_.pdf

1.2.4 Alongside this injection of funding, the Government intends to increase elements of core settlement funding in line with inflation and maintain key local government grants at 2019-20 levels.

The distribution of additional resources

1.2.5 Local government will also see funding increases from wider resources under our proposals. This includes SEND funding for schools and colleges, which will increase by over £700 million. There will also be a real-terms increase in the Public Health Grant and the NHS contribution to the Better Care Fund will grow in line with the planned additional investment in the NHS.

1.3 Breakdown of proposals included in the 2020-21 provisional settlement

1.3.1 *Chapter 2 – Distribution of Settlement Funding Assessment:* This chapter outlines the Government’s proposals for distributing settlement resources in 2020-21:

- updating the 2019-20 Settlement Funding Assessment in line with the change in the small business non-domestic rating multiplier, to match the planned increase in Baseline Funding Levels and Business Rates Baselines; and
- eliminating negative RSG in 2020-21 through use of forgone business rates at a cost of £152.9 million.

1.3.2 *Chapter 3 – Council Tax:* This chapter details the Government’s intentions for council tax and referendum principles:

- a core council tax referendum principle of up to 2% for shire counties, unitary authorities, London boroughs, the Greater London Authority (GLA) general precept, and fire authorities;
- a bespoke council tax referendum principle of 2% or £5, whichever is higher, for shire districts;
- continuing the adult social care (ASC) precept at an additional 2%;
- setting no council tax referendum principles for parish councils; and
- setting no council tax referendum principles for mayoral combined authorities (MCAs).

1.3.3 Chapter 4 – Distribution of Additional Resources: The Government is making additional resources available to support vital front-line services, through the Social Care Grant and the improved Better Care Fund (iBCF). The Government is:

- proposing a new Social Care Grant for 2020-21 of £1.41 billion for adult and children’s services. Of this, £410 million is a direct continuation of 2019-20 Social Care Support Grant, with an injection of £1 billion of new funding;
- distributing these resources using the Adult Social Care Relative Needs Formula, including a sum of £150 million for equalisation of the impact of the council tax adult social care precept;
- maintaining existing improved Better Care Fund funding at 2019-20 levels (£1.837 billion), as well as incorporating the £240 million which was allocated as Winter Pressures Grant in 2019-20 into the improved Better Care Fund, with the same distribution as this year;
- retaining the £900 million top-slice of Revenue Support Grant to fund a new round of New Homes Bonus allocations in 2020-21, in addition to an estimated £7 million from departmental budgets; and
- continuing with the Rural Services Delivery Grant at £81m, with all recipients receiving the same amount as in the previous year.

1.4 Equalities

1.4.1 Chapter 5 – Equalities Impacts of These Proposals: This chapter invites views and evidence on the impact that the Government’s proposals may have on persons who share a protected characteristic. It also contains a draft assessment of the impact of the 2020-21 settlement on persons who share a protected characteristic.

1.5 Additional Information

- 1.5.1** A return address for responses to this consultation, along with a full list of consultation questions, is included in Annex B, and a glossary of technical terms can be found in Annex D.

1.6 Exemplification of the proposals

- 1.6.1** The supporting tables accompanying this consultation exemplify the proposals for individual local authorities. These proposals represent the Government's intentions, following responses to the local government finance technical consultation, and the figures are presented on the basis of available information.
- 1.6.2** Data changes, new information or errors identified by either the department or local authorities between the publication of this consultation paper and the calculation of the final settlement may lead to changes to individual local authority exemplifications. The Government encourages local authorities to check their individual allocations.

2. Distribution of settlement funding assessment

2.1 Introduction

2.1.1 This chapter outlines the Government's proposals for distributing central resources – the Settlement Funding Assessment (SFA), which is comprised of Revenue Support Grant (RSG) and Baseline Funding levels (BFL), in 2020-21.

2.2 Business Rates Retention

2.2.1 From April 2013, local government has been funded in part through the business rates retention scheme, ensuring that local authorities have more control over the money they raise and are able to benefit directly from supporting local business growth.

2.2.2 When the scheme started in 2013-14, the Government committed that Baseline Funding Levels and Business Rates Baselines, which are used to determine tariffs and top-ups, would be fixed in real terms until the system was reset. The Government therefore proposes not to alter the existing mechanism for determining tariff and top-up payments in 2020-21. These elements will therefore be uprated in line with the change in the small business non-domestic rating multiplier.

2.2.3 Local authorities in Devolution Deal areas will continue to benefit from increased levels of business rates retention in 2020-21.

2.3 Distribution of Revenue Support Grant

2.3.1 Recognising the need to provide stability, the Government proposed at the technical consultation to pay Revenue Support Grant (RSG) to ensure all local authorities will receive a uniform change in Settlement Funding Assessment (SFA) in 2020-21. This means RSG will also be uprated in line with the change in the small business non-domestic rating multiplier.

2.3.2 The Government has taken the responses to the technical consultation into consideration and has now confirmed its proposals for RSG, with over 90% of respondents expressing support for the proposals. A summary of the responses to the Government's proposals for the distribution of RSG are covered in paragraphs 8-12 of the summary of responses document.⁴

⁴ <https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2020-to-2021-consultation>

2.3.3 Exemplifications published alongside this consultation paper are based on an assumption that the small business non-domestic rating multiplier, based on the CPI measure for September, will be set at 49.9p in 2020-21.

2.3.4 A draft Local Government Finance Report (LGFR) for 2020-21 has been published alongside this document which sets out the method for allocating Revenue Support Grant.

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

2.3.5 In 2019-20 the Government's approach to Settlement Funding Assessment included eliminating so-called negative RSG.⁵

2.3.6 At the technical consultation, the Government proposed to eliminate negative RSG again in 2020-21, using 2019-20 values of Settlement Funding Assessment as the baseline for this approach. This approach is consistent with the Government's previous commitment, made during the implementation of the business rate retention scheme in 2013-14, that authorities' retained business rates baselines would be fixed in real terms until the business rates system was reset.

2.3.7 In consideration of the responses to the technical consultation, eliminating negative RSG reflects the majority opinion on this issue and honours the Government's commitment not to adjust business rates tariffs and top-ups until the business rates system is reset. On this basis, the Government now confirms its proposals to eliminate negative RSG. The summary of responses document provides a breakdown of the views on negative RSG in paragraphs 13-17.

Question 2: Do you agree with the Government's proposal to eliminate negative RSG?

⁵ Please refer to section 5.1 of the 2019-20 Local Government Finance Settlement Technical Consultation for an explanation of the issue of negative Revenue Support Grant. The document is available here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728573/Settlement_Technical_Consultation_2019-20.pdf

3. Council tax

3.1 Introduction

3.1.1 At the technical consultation, the Government invited views on its proposals for a package of council tax referendum principles. An overview of the representations received, and the Government's response to these, can be found at paragraphs 18-29 of the summary of responses.

3.1.2 Following the technical consultation, the Government remains committed to maintaining those council tax referendum principles, as they strike a balance between giving local authorities the flexibility to determine their own level of council tax and ensuring local residents have the final say on excessive increases.

3.1.3 The technical consultation also invited views on a separate council tax referendum principle of up to 2% or £5, whichever is greater, for shire district councils. Having considered the responses and the minimal potential impact on average bills, the Government is minded to implement this separate principle in 2020-21.

3.2 Council tax referendum principles

3.2.1 The Government proposes the following package of referendum principles for 2020-21:

- a core principle of up to 2%, applicable to shire county councils, unitary authorities, London borough councils, the Common Council of the City of London, the Council of the Isles of Scilly, the general precept of the Greater London Authority, and fire and rescue authorities (including Police and Crime Commissioner fire and rescue authorities);
- a bespoke council tax referendum principle of 2% or £5, whichever is higher, for shire district councils.
- an adult social care precept flexibility, for local authorities with responsibility for adult social care, of up to 2% on top of the core principle;

3.3 Council tax referendum principles for Mayoral Combined Authorities

- 3.3.1** Devolution Deals have created eight Mayoral Combined Authorities (MCAs) since 2017, with powers in areas such as transport and planning. To date, seven MCAs have successfully applied for the powers to raise additional resources to meet the costs of their functions through a precept on local council tax bills, with the agreement of the Combined Authority.
- 3.3.2** In 2018-19 and 2019-20 the Government did not set a referendum principle for MCAs, on the expectation that mayors would exercise restraint and set a precept that was affordable and proportionate to their needs.
- 3.3.3** After consideration of the responses to the technical consultation, the Government proposes not to set council tax referendum principles for MCAs in 2020-21.

3.4 Council tax referendum principles for town and parish councils

- 3.4.1** In 2018-19, the Government announced that it did not intend to set referendum principles for town and parish councils for three years. This was contingent on the sector taking all available steps to mitigate the need for council tax increases and the Government seeing clear evidence of restraint in the increases set by the sector.⁶
- 3.4.2** In 2019-20, the average Band D parish precept has increased by 4.9%. This is the same percentage increase as in 2018-19 and compares to an increase of 6.3% in 2015-16. The Government remains concerned about the pressure placed on taxpayers by parish and town councils across England and continues to expect them to exercise restraint in 2020-21.
- 3.4.3** After consideration of the responses to the technical consultation, the Government proposes to continue with no referendum principles for town and parish councils in 2020-21. The Government will keep this matter under active review for future years.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2020-21?

⁶ Options open to local authorities include the use of reserves, where they are not already earmarked for other uses, or through “invest to save” projects which are intended to lower on-going costs.

3.5 Council tax referendum principles for Police and Crime Commissioners

- 3.5.1** The Government is minded to set a council tax referendum principle for Police and Crime Commissioners, as well as the Greater Manchester and London Mayors who are responsible for police services in their areas. Further information about police funding for 2020-21 will be provided as part of the police funding settlement process.

4. Distribution of additional resources

4.1 Social care funding

4.1.1 The Government is committed to addressing social care pressures. At Spring Budget 2017, an additional £2 billion over three years was provided for adult social care. In addition, at Autumn Budget 2018, the Government announced £650 million extra funding in 2019-20 for local authorities to help deliver the services communities need and to support the most vulnerable residents.

4.2 Social Care Grant

4.2.1 At the technical consultation, the Government proposed a new Social Care Grant of £1.41 billion for adult and children's services for 2020-21. Of this, £410 million is a direct continuation of 2019-20 Social Care Support Grant, with an injection of £1 billion of new funding from Spending Review 2019.

4.2.2 After considering the representations received during the technical consultation, the Government now confirms its proposal to use the Adult Social Care Relative Needs Formula as the basis for distributing the Social Care Support Grant.

4.2.3 The Government will make £1.26 billion of direct allocations and proposes to use the remaining £150 million to equalise the impact of the distribution of the Adult Social Care council tax precept, using the current improved Better Care Fund equalisation methodology. An explanation of the methodology as well as a table of proposed Social Care Grant allocations is set out in Annex C.

4.2.4 The Government proposes that this grant will not be ringfenced, and conditions or reporting requirements will not be attached. In particular, it will be for local authorities to determine how much of it should be spent on adult social care and how much should be spent on children's social care.

4.2.5 For further information on the representations received in the technical consultation, please refer to sections 30-36 of the summary of responses document.

Question 4: Do you agree with the Government's proposals for the Social Care Grant in 2020-21?

4.3 Improved Better Care Fund

- 4.3.1** The purpose of the improved Better Care Fund (iBCF) is to meet adult social care needs, reduce pressure on the NHS, and ensure that the local social care provider market is supported.
- 4.3.2** The iBCF was first announced in Spending Review 2015 and is paid as a direct grant to local government, with a condition that it is pooled into the Better Care Fund (BCF). The iBCF grant allocations were increased at Spring Budget 2017 with an additional £2 billion funding. This additional funding was also pooled into the Better Care Fund over the period 2017-18 to 2019-20.
- 4.3.3** Following the technical consultation, the Government proposes to continue existing iBCF funding at 2019-20 levels (£1.837 billion), using the same methodology as in 2019-20. The condition that the iBCF must be pooled into the Better Care Fund will continue in 2020-21.
- 4.3.4** In 2019-20, the Government provided £240 million through a Winter Pressures Grant which was ringfenced for use by local authorities to alleviate winter pressures on the NHS. The Government proposes that, in 2020-21, this £240 million will not be ringfenced for that purpose. It will instead be incorporated into the iBCF and allocated using the existing Adult Social Care Relative Needs Formula, as in 2019-20.
- 4.3.5** The summary of responses document provides further details on the responses to the technical consultation surrounding the Government's proposals for iBCF in 2020-21, in paragraphs 37-41.

Question 5: Do you agree with the Government's proposals for iBCF in 2020-21?

4.4 Better Care Fund 2020-21

- 4.4.1** As stated in the technical consultation, the Government remains committed to integrating health and social care and can confirm that the Better Care Fund (BCF) will continue in 2020-21. As well as announcing continued iBCF funding, the Spending Round announced that the NHS contribution to adult social care through the BCF will increase by 3.4% in real terms in 2020-21.
- 4.4.3** Details of the BCF for 2020-21 will be issued in due course.

4.5 New Homes Bonus

Background

4.5.1 The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. With the addition of this year's allocations, £8.8 billion has been allocated to local authorities through this fund to reward additional housing supply.

4.5.2 Although it was successful in encouraging authorities to support housing growth, New Homes Bonus did not originally reward those authorities who are the most open to growth. In December 2016, following consultation, the Government announced reforms to New Homes Bonus as follows:

- reducing the number of years New Homes Bonus payments are made (legacy payments) from 6 to 5 years in 2017-18 and to 4 years from 2018-19; and
- introducing a national baseline for housing growth of 0.4% of council tax base (weighted by band) from 2017-18, below which New Homes Bonus will not be paid.

New Homes Bonus in 2020-21

4.5.3 At the technical consultation, the Government proposed the following for the New Homes Bonus scheme in 2020-21:

- retaining the £900 million top-slice of Revenue Support Grant to fund New Homes Bonus payments;
- a new round of allocations for 2020-21, allocated in line with previous years; and
- making no legacy payments on these new allocations, but making legacy payments on allocations from earlier years.

4.5.4 Due to a continued upwards trend for house building, in the technical consultation the Government indicated that decisions on the payments baseline for 2020-21 would be made following the publication of council tax base statistics in November.

4.5.5 After careful consideration of the responses to the technical consultation and the additional housing stock numbers reported through the council tax base data, the Government has decided not to make any change to the payments baseline, and this will remain at 0.4% for the 2020-21 allocations.

4.5.6 Provisional New Homes Bonus allocations for 2019-20 are being announced alongside this provisional settlement. Based on the most recent council tax base data available, the cost of Bonus payments relating to 2020-21 is forecast to be £284 million. Combining this with the cost of legacy payments provides an estimated total Bonus payment of £907 million in 2020-21, with an estimated £7 million from departmental resources.

4.5.7 Details of the provisional allocations, and how the allocations have been calculated, can be found here:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2020-to-2021>

4.5.8 For details of the responses to the technical consultation, please see paragraphs 42-45 of the summary of responses document.

Question 6: Do you agree with the Government's proposal to fund the New Homes Bonus in 2020-21 with the planned £900 million from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?

4.7 Rural Services Delivery Grant

4.7.1 In recognition of additional cost pressures in rural areas, the Government proposes to roll-forward 2019-20 allocations of Rural Services Delivery Grant, totalling £81 million.

4.7.2 Allocations in 2019-20 were distributed to the top quartile of local authorities on the basis of the 'super-sparsity' indicator, which ranks authorities by the proportion of the population which is scattered widely, using Census data and weighted towards the authorities with the sparsest populations.

4.7.3 In consideration of the near even split of technical consultation responses to this question, and in the interests of stability of funding in a year in which the Government is proposing to roll forward the previous settlement, the Government has decided to include this proposal as part of the provisional local government finance settlement for 2020-21.

Question 7: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

5. Equalities impacts of these proposals

5.1 Draft Equality Statement

5.1.1 In the 2020-21 local government finance settlement technical consultation, we sought views on the impact of the proposals for the 2020-21 settlement on persons who share a protected characteristic. A draft assessment of the impact of the 2020-21 local government finance settlement has been published alongside this consultation document at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2020-to-2021>

Question 8: Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.

Annex A: Privacy notice

Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation. This consultation fulfils mandatory statutory requirements to consult under sections 78(5), 78A(3) and paragraph 12 of Schedule 7B of the Local Government Finance Act 1988.

4. With whom we will be sharing your personal data

Other Government Departments including:

- Attorney General's Office
- Cabinet Office
- Department for Business, Energy and Industrial Strategy
- Department for Digital, Culture, Media and Sport
- Department for Education Department for Environment
- Food and Rural Affairs
- Department for Exiting the European Union
- Department for International Development
- Department for International Trade
- Department for Transport
- Department for Work and Pensions
- Department of Health and Social Care

- Foreign and Commonwealth Office
- Her Majesty's Treasury
- Home Office
- Ministry of Defence
- Ministry of Justice
- Northern Ireland Office
- Office of the Advocate General for Scotland
- Office of the Leader of the House of Commons
- Office of the Leader of the House of Lords
- Scotland Office UK
- Export Finance
- Wales Office

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the consultation.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas.

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

Annex B: Address details & list of consultation questions

If the pro-forma link is inoperable, written responses may be sent by email or post to:

LGFsettlement@communities.gov.uk

or

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
London
SW1P 4DF

When replying to this consultation please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name,
- your position (if applicable),
- the name of organisation (if applicable),
- an address (including post-code),
- an email address, and
- a contact telephone number

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

Question 2: Do you agree with the Government's proposal to eliminate negative RSG?

Question 3: Do you agree with the proposed package of council tax referendum principles for 2020-21?

Question 4: Do you agree with the Government's proposals for the Social Care Grant in 2020-21?

Question 5: Do you agree with the Government's proposals for iBCF in 2020-21?

Question 6: Do you agree with the Government's proposal to fund the New Homes Bonus in 2020-21 with the planned £900 million from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?

Question 7: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

Question 8: Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.

Annex C: Social Care Grant provisional allocations and equalisation methodology

The proposed equalisation methodology for Social Care Grant in 2020-21 is based on identifying the total potential new resource for social care to be equalised.

This is the sum of the additional grant funding to be used for equalisation (in this case £150m) plus the total potential increase in council tax precept income in that year as a result of the proposed 2% Adult Social Care precept referendum principle (approximately £500 million). This amount is then allocated between authorities on the basis of the Relative Needs Formula.

The amount for each local authority is then reduced by its potential council tax precept income.

The resulting figure is then essentially that authority's share of the equalisation amount (£150 million).

However, for a small number of authorities, the precept income exceeds the needs share, and in these cases the equalisation component of the grant is set to zero and the authority concerned retains the potential council tax resources in excess of their calculated needs share.

This results in turn in a grant total for equalisation which exceeds £150 million; to reduce this to the required level, the grant payments for each authority are reduced, by amounts in proportion to the figure for each authority. The resulting amounts are shown in the second column of the table below and are added to the other grant components to give the overall total. From this, all authorities receive over 97% of their needs-based share of the total new resources.

As signalled in the technical consultation, these provisional figures have been updated to reflect the effect of local authority restructuring and proposed Alternative Notional Amounts on the council tax levels of restructuring authorities.

Social Care Grant 2020-21: Provisional Allocations				
Authority	Element used to equalise for 2% ASC precept flexibility	Remaining new funding, using 2013-14 ASC RNF	Rollover of 2019-20 Social Care Support Grant	Total 2020-21 Social Care Grant
	(£)	(£)	(£)	(£)
England	150,000,000	850,000,000	410,000,000	1,410,000,000
Barking and Dagenham	1,077,136	3,233,759	1,559,813	5,870,708
Barnet	243,641	5,126,523	2,472,794	7,842,958

Barnsley	1,291,870	4,386,003	2,115,602	7,793,475
Bath & North East Somerset	99,124	2,584,541	1,246,661	3,930,326
Bedford	-	2,198,710	1,060,554	3,259,264
Bexley	232,632	3,287,993	1,585,973	5,106,598
Birmingham	7,344,771	19,834,379	9,567,171	36,746,322
Blackburn with Darwen	911,504	2,707,308	1,305,878	4,924,690
Blackpool	1,177,472	3,200,550	1,543,795	5,921,817
Bolton	1,342,899	4,923,279	2,374,758	8,640,937
Bournemouth Christchurch and Poole	445,961	6,197,541	2,985,959	9,629,461
Bracknell Forest	-	1,281,502	618,136	1,899,638
Bradford	2,024,642	8,135,950	3,924,399	14,084,991
Brent	1,000,126	4,756,589	2,294,354	8,051,069
Brighton & Hove	364,398	4,351,504	2,098,961	6,814,863
Bristol	1,026,196	7,183,796	3,465,125	11,675,117
Bromley	-	4,216,196	2,033,694	6,249,890
Buckinghamshire Council	-	5,919,253	2,855,169	8,774,422
Bury	481,770	2,892,518	1,395,214	4,769,502
Calderdale	562,076	3,260,518	1,572,720	5,395,314
Cambridgeshire	221,713	8,231,033	3,970,263	12,423,009
Camden	1,089,140	4,553,741	2,196,510	7,839,390
Central Bedfordshire	-	3,066,985	1,479,369	4,546,354
Cheshire East	-	5,137,675	2,478,173	7,615,848
Cheshire West & Chester	183,920	5,196,400	2,506,499	7,886,819
City of London	-	172,800	83,351	256,151
Cornwall	1,378,186	9,893,235	4,772,031	16,043,452
Coventry	1,287,752	5,493,344	2,649,731	9,430,827
Croydon	75,109	4,963,076	2,393,954	7,432,139
Cumbria	1,815,110	8,879,744	4,283,171	14,978,025
Darlington	321,147	1,774,984	856,169	2,952,300
Derby	1,020,114	4,067,849	1,962,139	7,050,102
Derbyshire	2,897,340	12,846,708	6,196,648	21,940,697
Devon	1,388,573	12,663,344	6,108,201	20,160,118
Doncaster	1,635,240	5,347,491	2,579,378	9,562,109
Dorset Council	-	6,044,757	2,919,150	8,963,907
Dudley	1,573,892	5,530,739	2,667,768	9,772,399
Durham	2,833,605	9,995,914	4,821,558	17,651,077
Ealing	924,385	5,020,555	2,421,679	8,366,618
East Riding of Yorkshire	439,595	5,121,138	2,470,196	8,030,929
East Sussex	1,055,842	9,157,513	4,417,153	14,630,508
Enfield	848,703	4,599,334	2,218,502	7,666,539
Essex	2,174,623	20,964,875	10,112,469	33,251,967
Gateshead	1,110,756	4,013,716	1,936,028	7,060,500
Gloucestershire	702,946	8,960,361	4,322,057	13,985,364

Greenwich	1,434,158	4,711,396	2,272,556	8,418,110
Hackney	1,911,290	4,976,053	2,400,214	9,287,557
Halton	651,482	2,263,593	1,091,851	4,006,926
Hammersmith and Fulham	1,134,384	3,252,600	1,568,901	5,955,885
Hampshire	-	16,838,843	8,122,265	24,961,108
Haringey	930,722	4,066,550	1,961,512	6,958,784
Harrow	47,276	3,434,809	1,656,790	5,138,875
Hartlepool	468,046	1,774,812	856,086	3,098,944
Havering	170,512	3,561,794	1,718,042	5,450,348
Herefordshire	251,853	3,118,840	1,504,382	4,875,075
Hertfordshire	-	14,642,720	7,062,959	21,705,679
Hillingdon	430,458	3,687,256	1,778,559	5,896,273
Hounslow	523,379	3,539,335	1,707,209	5,769,924
Isle of Wight Council	300,908	2,714,387	1,309,293	4,324,588
Isles of Scilly	629	44,841	21,630	67,100
Islington	1,430,704	4,554,190	2,196,727	8,181,621
Kensington and Chelsea	542,466	3,069,937	1,480,793	5,093,196
Kent	2,003,471	21,832,371	10,530,908	34,366,750
Kingston upon Hull	1,996,416	5,145,840	2,482,111	9,624,367
Kingston upon Thames	-	2,030,009	979,181	3,009,190
Kirklees	1,266,501	6,587,080	3,177,297	11,030,878
Knowsley	1,412,912	3,460,406	1,669,137	6,542,455
Lambeth	1,416,005	5,344,078	2,577,732	9,337,815
Lancashire	4,446,004	19,543,454	9,426,843	33,416,301
Leeds	2,272,625	11,725,500	5,655,829	19,653,954
Leicester	1,726,071	5,573,657	2,688,470	9,988,197
Leicestershire	349,079	8,550,459	4,124,339	13,023,877
Lewisham	1,252,929	4,844,582	2,336,798	8,434,310
Lincolnshire	2,803,312	11,928,156	5,753,581	20,485,049
Liverpool	4,002,162	10,473,090	5,051,726	19,526,978
Luton	549,655	2,791,275	1,346,380	4,687,310
Manchester	3,567,075	9,442,260	4,554,502	17,563,837
Medway	253,018	3,534,127	1,704,697	5,491,842
Merton	131,225	2,648,847	1,277,679	4,057,751
Middlesbrough	838,046	2,684,362	1,294,810	4,817,218
Milton Keynes	62,238	3,216,109	1,551,300	4,829,647
Newcastle upon Tyne	1,666,509	5,315,442	2,563,919	9,545,870
Newham	2,101,400	5,200,629	2,508,539	9,810,568
Norfolk	2,817,176	14,799,485	7,138,575	24,755,236
North East Lincolnshire	693,415	2,761,473	1,332,004	4,786,892
North Lincolnshire	519,828	2,694,922	1,299,903	4,514,652
North Somerset	250,601	3,272,307	1,578,407	5,101,315
North Tyneside	794,100	3,651,730	1,761,423	6,207,253

North Yorkshire	324,512	8,583,586	4,140,318	13,048,417
Northamptonshire	1,040,103	9,623,090	4,641,726	15,304,918
Northumberland	457,651	5,388,477	2,599,148	8,445,276
Nottingham	1,655,030	5,489,681	2,647,964	9,792,675
Nottinghamshire	1,869,769	12,491,707	6,025,412	20,386,888
Oldham	1,062,235	3,975,005	1,917,355	6,954,595
Oxfordshire	-	8,115,922	3,914,739	12,030,661
Peterborough	512,707	2,810,883	1,355,838	4,679,429
Plymouth	1,111,629	4,547,870	2,193,679	7,853,178
Portsmouth	716,845	3,153,561	1,521,129	5,391,535
Reading	-	2,016,987	972,900	2,989,887
Redbridge	538,806	3,952,416	1,906,459	6,397,681
Redcar and Cleveland	631,638	2,550,797	1,230,384	4,412,819
Richmond upon Thames	-	2,340,482	1,128,938	3,469,420
Rochdale	1,106,456	3,925,436	1,893,446	6,925,338
Rotherham	1,330,446	4,764,558	2,298,199	8,393,203
Rutland	-	480,676	231,855	712,531
Salford	1,206,504	4,666,741	2,251,016	8,124,261
Sandwell	2,615,054	6,544,745	3,156,877	12,316,676
Sefton	1,309,240	5,400,635	2,605,012	9,314,887
Sheffield	2,660,723	9,581,141	4,621,492	16,863,357
Shropshire	565,286	4,936,458	2,381,115	7,882,859
Slough	176,930	1,825,563	880,565	2,883,058
Solihull	214,852	3,082,511	1,486,858	4,784,221
Somerset	1,592,854	8,845,550	4,266,677	14,705,081
South Gloucestershire	-	3,311,620	1,597,369	4,908,989
South Tyneside	1,135,487	3,241,548	1,563,570	5,940,604
Southampton	871,259	3,929,075	1,895,201	6,695,535
Southend-on-Sea	534,851	2,918,335	1,407,667	4,860,852
Southwark	1,768,968	5,562,710	2,683,190	10,014,868
St Helens	995,810	3,410,114	1,644,878	6,050,802
Staffordshire	2,244,360	12,544,457	6,050,856	20,839,673
Stockport	277,984	4,544,721	2,192,160	7,014,865
Stockton-on-Tees	430,650	2,993,553	1,443,949	4,868,153
Stoke-on-Trent	1,698,773	4,717,131	2,275,322	8,691,225
Suffolk	2,061,180	11,550,789	5,571,557	19,183,526
Sunderland	2,017,998	5,552,545	2,678,287	10,248,830
Surrey	-	14,147,673	6,824,172	20,971,845
Sutton	-	2,611,208	1,259,524	3,870,732
Swindon	-	2,724,446	1,314,145	4,038,591
Tameside	1,138,354	4,087,211	1,971,478	7,197,043
Telford and the Wrekin	672,504	2,742,279	1,322,746	4,737,529
Thurrock	388,439	2,316,974	1,117,599	3,823,011

Torbay	766,249	2,934,553	1,415,490	5,116,292
Tower Hamlets	1,676,076	5,188,416	2,502,648	9,367,141
Trafford	492,676	3,349,371	1,615,579	5,457,625
Wakefield	1,434,847	5,839,767	2,816,829	10,091,443
Walsall	1,270,445	5,071,046	2,446,034	8,787,525
Waltham Forest	729,435	3,855,784	1,859,849	6,445,069
Wandsworth	2,073,740	4,595,157	2,216,487	8,885,384
Warrington	230,346	2,917,403	1,407,218	4,554,968
Warwickshire	-	7,914,152	3,817,415	11,731,567
West Berkshire	-	1,774,012	855,700	2,629,712
West Sussex	-	11,699,725	5,643,397	17,343,122
Westminster	2,208,622	4,686,189	2,260,397	9,155,207
Wigan	1,765,220	5,639,122	2,720,047	10,124,389
Wiltshire	-	6,456,684	3,114,401	9,571,085
Windsor and Maidenhead	-	1,687,452	813,947	2,501,399
Wirral	1,810,647	6,376,310	3,075,632	11,262,590
Wokingham	-	1,422,295	686,048	2,108,343
Wolverhampton	1,467,403	4,875,024	2,351,482	8,693,909
Worcestershire	983,581	8,445,547	4,073,734	13,502,862
York	130,876	2,591,794	1,250,159	3,972,829

Annex D: Glossary of technical terms

Baseline Funding Level

The amount of an individual local authority's 2013-14 Settlement Funding Assessment provided through the *local share* of the Estimated Business Rates Aggregate updated each year by the change to the small business multiplier (in line with CPI in 2018-19, 2019-20 and 2020-21).

Better Care Fund (BCF)

The Better Care Fund is jointly comprised of central Government and NHS funds. The NHS's contribution to the fund has been over £4 billion, growing in line with investment in the NHS. The BCF aims to improve joint working and promote partnerships in local health and social care.

Business Rates Baseline (BRB)

An authority's BRB determined on an individual basis at the outset of the business rates retention scheme. It is calculated by dividing the *local share* of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

Business rates retention

Business rates are a tax on non-domestic properties. Billing authorities have a responsibility to issue bills and collect rates in their areas. Since 2013-14, local government has retained 50% of its business rates – worth around £12.5 billion – which is distributed across the sector.

Central share

The proportion of business rates not retained by local authorities.

Core Spending Power

A measure of the revenue funding available for local authority services. This includes council tax; business rates; Revenue Support Grant; New Homes Bonus; adult social care grants; and, other grants.

Council tax referendum principles

These mark levels of council tax increases (either in percentage or cash terms) above which a local authority must hold a referendum which allows residents to approve or veto the increase. The comparison is made between the authority's average band D council tax level for the current financial year and the proposed average band D for the next financial year.

Devolution Deals

Introduced in 2014, Devolution Deals are a bespoke arrangement tailored to certain local authorities. Devolution Deals give local government greater powers and more autonomy over budgeting.

Equalisation

The process through which a proportion of Social Care Grant funding is used to take account of the impact of the distribution of the Adult Social Care council tax precept.

Local Government Departmental Expenditure Limit (LG DEL)

The departmental budget derived from central Government resources for the purposes of local government.

Local share

The percentage share of locally collected business rates that is retained by local government.

New Homes Bonus

The New Homes Bonus acts as an incentive to increase housing supply and spur growth. The level of funding for an area reflects additional housing supply in that area. Most authorities receive some form of New Homes Bonus funding from central Government.

Precept

A council tax charge from local authorities which do not issue bills themselves. These include county councils, police and crime commissioners, fire and rescue authorities, the Greater London Authority, combined authority mayors, and town and parish councils. Billing authorities – usually shire district councils or unitary authorities – collect council tax on behalf of precepting authorities and pass the proceeds to them.

Revenue Support Grant

Billing and major precepting authorities receive Revenue Support Grant from central Government in addition to their local share of Business Rates Aggregate.

Rural Services Delivery Grant

Funding provided in recognition of the possible additional costs of delivery services in sparsely populated areas.

Safety net

Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5% below their *baseline funding level* (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

SEND

Special Educational Needs & Disabilities fund.

Settlement Funding Assessment

A local authority's share of the local government spending control total comprising its Revenue Support Grant and its *baseline funding level* for the year in question.

Small business non-domestic rating multiplier

If your property in England has a rateable value below £51,000, your bill will be calculated using the small business multiplier, which is lower than the standard one. This is the case even if you do not get small business rate relief.

Spending Review

The Spending Review sets out the long-term spending limits for all Government departments, typically covers the next three or four years.

Spending Round

The Spending Round sets out the short-term spending limits for all Government departments, typically covers a full calendar year.

Tariffs and top-ups

Calculated by comparing at the outset of the business rate retention scheme an individual authority's business rates baseline against its baseline funding level. Tariffs and top-ups are self-funding, fixed at the start of the scheme, then indexed in line with the change in the small business rating multiplier.

Tariff authority

An authority with, at the outset of the scheme, a higher individual authority business rates baseline than its baseline funding level, and which therefore pays a tariff.

Top-up authority

An authority with, at the outset of the scheme, a lower individual authority business rates baseline than its baseline funding level, and which therefore receives a top-up.