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Open consultation

Provisional local government finance settlement 2022 to 2023: consultation

Published 16 December 2021

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This publication is available at <https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2022-to-2023-consultation/provisional-local-government-finance-settlement-2022-to-2023-consultation>

Scope of the consultation

Topic of this consultation:

This consultation seeks views on the proposals for the local government finance settlement for 2022/23.

Scope of this consultation:

This consultation seeks views on proposals for the local government finance settlement for 2022/23, 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. [\[footnote 1\]](#)

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 2022/23. [\[footnote 2\]](#)

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

Body/bodies responsible for the consultation:

Local Government Finance Directorate within the Department for Levelling Up, Housing and Communities.

Duration:

This consultation will last for 4 weeks from 16 December to 13 January 2022.

Enquiries:

For any enquiries about the consultation please contact: lgfsettlement@communities.gov.uk.

How to respond:

If possible, we request responses through the following [online form](https://consult.communities.gov.uk/local-government-finance/lgf-settlement-2223/) (<https://consult.communities.gov.uk/local-government-finance/lgf-settlement-2223/>).

Alternatively, you can email your response to the questions found in Annex B of this consultation document to lgfsettlement@communities.gov.uk.

When you reply it would be very useful if you 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
- a contact telephone number

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 may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes 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 Department for Levelling Up, Housing and Communities will at all times process your personal data in accordance with UK data protection legislation 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 below.

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 \(https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/complaints-procedure\)](https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/complaints-procedure).

1. Summary of proposals

1.1 Introduction

1.1.1 This consultation paper sets out the government's proposals for the 2022/2023 local government finance settlement.

1.1.2 This chapter provides a summary of the proposals contained within the 2022/23 provisional settlement.

1.2 Spending Review 2021 and updating the system

1.2.1 On 27 October 2021, the government announced the outcome of Spending Review 2021. This Spending Review will provide local government with a strong foundation for the next three years, with around £1.6 billion of additional grant in each year of the Spending Review period, including for the Supporting Families Programme, and additional funding to tackle cyber security challenges facing councils. This will be delivered outside of the Local Government Finance Settlement and further detail will follow in due course. The Supporting Families Programme is also not part of the local government finance settlement and further detail will follow in due course.

1.2.2. To prioritise certainty for 2022/23, we propose delivering a one-year local government finance settlement. At the national level, our proposals result in an increase in Core Spending Power for local authorities in England of up to £3.5 billion. This is an increase from £50.4 billion in 2021/22 to up to £53.9 billion in 2022/23; a real terms increase of over 4%. Within this, councils will have access to an additional £700 million of new grant specifically for social care. Including the flexibility available through the Adult Social Care precept, we are making available over an additional £1 billion of resource for social care. In addition, the increase in core spending power includes £162 million for Adult Social Care reform.

1.2.3. This additional funding also includes a one off '2022/23 Services Grant' worth £822 million. This grant is for 2022/23 only and we will work with the sector on how we distribute this funding from 2023/24 onwards. The funding will go to all tiers of local government in recognition of the range of vital services delivered by councils across the country. This grant will be unringfenced with local authorities best placed to understand local priorities. Authorities with social care responsibilities can use this funding for adults and children's social care.

1.2.4. The proposals in this document relate to 2022/23 and are focused on stability. The 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.

1.2.5. 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.

1.3 Summary of proposals included in the 2022/23 provisional settlement

1.3.1 Chapter 2 – Distribution of Settlement Funding Assessment (SFA): this chapter outlines the government's proposals for distributing core settlement resources in 2022/23.

- a uniform percentage increase in Revenue Support Grant (RSG) allocations from 2021/22, based on the change in the Consumer Price Index (CPI) between September 2020 and September 2021. We will also continue compensation to avoid so-called 'negative RSG' and roll in two existing New Burdens grants into RSG.
- a freeze in Baseline Funding Levels (BFLs) at 2021/22 levels, to match the freeze in the business rates multiplier.
- an increase in grant for the under-indexation of the multiplier, to compensate for the freeze in the business rates multiplier compared to growth in line with RPI.

1.3.2 Chapter 3 – Council Tax: this chapter details the government’s intentions for council tax referendum principles in 2022/23.

- a core council tax referendum principle of up to 2% for shire counties, unitary authorities, London boroughs, the Greater London Authority (GLA) and fire and rescue authorities.
- a bespoke council tax referendum principle of up to 2% or £5, whichever is higher, for shire district councils
- an Adult Social Care (ASC) Precept of 1% for all authorities responsible for ASC services.
- ability to add any unused parts of the 3% ASC Precept flexibility available in 2021/22.
- a referendum principle of £10 for police authorities.
- a £5 referendum principle for the 8 lowest-charging fire and rescue authorities.
- setting no council tax referendum principles for Mayoral Combined Authorities (MCAs)
- setting no council tax referendum principles for town and parish councils.

1.3.3 Chapter 4 – Distribution of Social Care resources: this chapter sets out the government’s proposals for making specific funding available for social care services.

- increasing the Social Care Grant allocations from 2022/23 by £636 million, bringing the total value of the grant to £2.35 billion. £556 million of this new funding will be allocated using our ASC Relative Needs Formula (RNF). A further £80 million will be used to equalise the variation in yield from the ASC Precept.
- increasing the LGDEL contribution to the improved Better Care Fund (iBCF) in line with the September 2020 to September 2021 increase in the Consumer Price Index (CPI).
- including the Department for Health and Social Care’s Market Sustainability and Fair Cost of Care Fund within Core Spending Power in 2022/23. This £162 million fund is to support Local Authorities prepare their markets for reform and move towards paying providers a fair cost of care. It will be allocated using our existing ASC RNF.

1.3.4 Chapter 5 – 2022/23 Services Grant: this chapter explains the government’s proposals for a new one-off grant to support the delivery of all local authorities’ services in 2022/23.

- creating of a new grant worth £822 million. This will be a one-off grant for 2022/23. We will work closely with the sector on how to best distribute this money for 2023/24 onwards. We will distribute this funding using the 2013/14 shares of the Settlement Funding Assessment. [\[footnote 3\]](#)
- this funding would be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

1.3.5 Chapter 6 – Other Grants - this chapter explains the government’s proposals for the New Homes Bonus (NHB), Rural Services Delivery Grant (RSDG) and the Lower Tier Services Grant (LTSG).

- a new round of NHB payments in 2022/23, which will not attract new legacy payments. 2022/23 allocations of NHB will be paid for by a £554 million top-slice of RSG.
- no changes to the calculation process from 2021/22. The final outstanding NHB legacy payment will be honoured in 2022/23 allocations.

- maintain the existing quantum of the RSDG at £85 million and maintain the same approach to distribute these resources as used for 2021/22.
- the LTSG will allocate £111 million to local authorities with responsibility for lower tier services. Most of the distribution will be based on assessed relative needs for lower tier services. Alongside this, the minimum funding floor from 2021/22 will be updated to ensure that no authority sees an annual reduction in Core Spending Power (CSP).[\[footnote 4\]](#)

1.3.6 Chapter 7 – 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 refers to a draft policy impact statement published alongside this consultation, assessing the impact of the 2022/23 settlement on persons who share a protected characteristic.

1.4 Additional information

1.4.1 An online survey link and 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 C](#).

1.5 Allocations for proposals

1.5.1 The supporting tables accompanying this consultation show the allocations for the proposals for individual local authorities. These proposals represent the government’s intentions, and the figures are presented on the basis of available information.

1.5.2 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 allocations. The government encourages local authorities to check their individual allocations.

2. Distribution of the Settlement Funding Assessment

2.1 Introduction

2.1.1 This chapter outlines the government’s proposals for distributing the Settlement Funding Assessment (SFA) in 2022/23, which is comprised of Revenue Support Grant (RSG) and Baseline Funding Levels (BFLs).

2.2 Business Rates Retention

2.2.1 When the Business Rates Retention scheme was introduced in 2013/14, the government committed that BFLs 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 2022/23.

2.2.2 At Spending Review 2021 the government announced that it would freeze the business rates multiplier in 2022/23, saving businesses in England an estimated £4.6 billion over the next five years. In 2022/23, the government plans to freeze BFLs at their 2021/22 levels for all authorities except authorities with increased Business Rates Retention arrangements. BFLs for authorities with increased Business Rates Retention arrangements shall be the sum of their 2021/22 BFL and the value of the grant(s) that these authorities will forgo in 2022/2023.

2.2.3 Local authorities will, as usual, be compensated for the shortfall in income from the freezing of the business rates multiplier in 2022/23 and 2021/22 and for the switch to CPI from RPI for the purposes of uprating, via the under-indexation section 31 grant. Top-ups and Tariffs will also be adjusted as in previous years, for the freezing of the multiplier.

2.2.4 2021/22 BFLs included the elimination of so-called 'negative RSG' and as such this will continue in 2022/23. This 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. [\[footnote 5\]](#)

2.2.5 Local authorities in 100% business rates retention Devolution Deal areas and the Greater London Authority will continue to benefit from increased levels of business rates retention in 2022/23.

2.3 Distribution of Revenue Support Grant

2.3.1 In the interests of providing stability in local authority allocations, we are not proposing to change the distribution of RSG from that used in 2021/22. Instead, the government proposes to increase 2021/22 RSG levels in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI).

2.3.2 To simplify the funding landscape, government intends to roll in the Electoral Registration grant worth £1.2 million per year and the Financial Transparency of Local Authority Maintained Schools grant, worth £0.8 million per year, into the Revenue Support Grant. The current distribution of each will no longer be used. Government intends to distribute this funding using the 2013/14 shares of Settlement Funding. To note, this additional funding is on top of the increase by CPI outlined in 2.3.1 which means the overall increase in RSG for 2022/23 compared to 2021/22 will be slightly higher than CPI.

Question 1: Do you agree with the government's proposed methodology for the distribution of Revenue Support Grant in 2022/23, including the rolling in of two New Burdens grants?

3. Council tax

3.1 Council tax

3.1.1 The government remains committed to striking 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.

3.2 Council tax referendum principles

3.2.1 The government proposes the following package of referendum principles for 2022/23 which will be subject to the approval of the House of Commons alongside the final local government finance settlement:

- a core council tax referendum principle of up to 2% for shire counties, unitary authorities, London boroughs, the Greater London Authority (GLA) and fire and rescue authorities.
- a principle of up to 2% or £5, whichever is higher, for shire district councils
- an Adult Social Care (ASC) precept of 1% for all authorities responsible for ASC.

- ability to add any unused parts of the 3% ASC Precept flexibility available in 2021/22,
- a £5 referendum principle for the 8 lowest-charging fire and rescue authorities.
- a referendum principle of £10 for Police and Crime Commissioners (PCC), including the GLA charge for the Metropolitan Police and the PCC component of the Greater Manchester and West Yorkshire Mayoral precepts.
- no other council tax referendum principles for Mayoral Combined Authorities (MCAs).
- no council tax referendum principles for town and parish councils.

3.3 Council tax referendum principles for fire and rescue authorities

3.3.1 The government proposes to provide the lowest charging quartile of fire and rescue authorities with the flexibility to increase band D precepts by £5 for one year only in 2022/23. This is to assist them in addressing immediate pressures and to maintain a sustainable income baseline for future years.

3.3.2 This flexibility is not currently outlined in our Core Spending Power figures we have published. Following consideration of responses to this consultation, if the proposal is taken forward the flexibility will be included in the allocations for which we will seek the approval of the House of Commons at the final settlement.

3.4 Council tax referendum principles for mayoral combined authorities

3.4.1 Devolution has led to the creation of nine mayoral combined authorities (MCAs) with powers such as transport and planning. To date, the government has not set referendum principles for MCAs, except where the Mayor exercises police and crime commissioner functions, in which case the PCC principle has applied to the resulting precept. This has been in the expectation that mayors would charge a level of council tax that is affordable and proportionate to their needs.

3.4.2 The government proposes to continue this approach in 2022/23. In line with the referendum principle for police and crime commissioners, we propose to set a £10 threshold for the PCC component of the Greater Manchester and West Yorkshire Combined Authorities' precepts.

3.5 Council tax referendum principles for town and parish councils

3.5.1 The government has not previously set referendum principles for town and parish councils. This approach 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.

3.5.2 In 2021/22, the average Band D parish precept increased by 2.8%, the smallest for ten years. In expectation that parish and town councils continue to show restraint when charging council tax, the government proposes to continue with no referendum principles for the sector in 2022/23. It will however take careful account of the increases set in 2022/23 when reviewing the matter ahead of next year's settlement.

3.6 Council tax referendum principle for the Greater London Authority (GLA)

3.6.1 The Mayor of London is currently considering his approach to the future funding of Transport for London. The government will consider any proposals he makes about the future level of the GLA precept in response to this consultation.

Question 2: Do you agree with the proposed package of council tax referendum principles for 2022/23?

4. Distribution of Social Care Resources

4.1 Social Care

4.1.1 This year the government is proposing to provide councils with £700 million in new grant specifically for social care. This new grant funding combined with the 1% ASC precept and the rolled over flexibility from last year for local authorities with social care responsibilities means that councils will have access to over £1 billion of dedicated funding for social care pressures.

4.1.2 Of the £700 million of additional grant, £636 million is proposed for an increase to the Social Care Grant and the remainder as an inflationary uplift to the improved Better Care Fund. Councils will be able to make further investment in social care services from other unringfenced grants and wider revenue growth.

4.1.3 In addition, as announced on 7 September 2021 in 'Build Back Better: Our Plan for Health and Social Care', the government is proposing to allocate £162 million through the ASC RNF to support Local Authorities prepare their markets for reform and move towards paying providers a fair cost of care.

4.2 Social Care Grant

4.2.1 The government proposes to increase allocations of the Social Care Grant to £2.35 billion from 2022/23. This is an increase of £636 million compared to 2021/22.

4.2.2 This proposal includes an £80 million increase to the equalisation component against the Adult Social Care precept. The remaining £556 million will be allocated directly through the existing ASC RNF formula.

4.2.3 Our equalisation methodology is a balanced approach which recognises that the distribution of resources generated through the ASC precept does not match the pattern of assessed need. The proposed methodology is the same as that used for this grant in 2021/22. The government has published a separate table of [Social Care Grant allocations](https://www.gov.uk/government/publications/social-care-grant-allocations-2022-to-2023) (<https://www.gov.uk/government/publications/social-care-grant-allocations-2022-to-2023>).

4.2.4 The government proposes that this grant will not be ringfenced, and conditions on 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.

Question 3: Do you agree with the government's proposals for the Social Care Grant in 2022/23?

4.3 Improved Better Care Fund

4.3.1 Government proposes to roll-forward the 2021/22 distribution of the improved Better Care Fund. The grant will continue to be required to be pooled as part of the Better Care Fund.

4.3.2 Alongside maintaining the existing distribution formula, government proposes to increase the 2022/23 improved Better Care Fund by £63 million. This will be an inflationary uplift on 2021/22 allocations in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI).

Question 4: Do you agree with the government's proposals for iBCF in 2022/23?

4.4 Market Sustainability and Fair Cost of Care Fund

4.4.1 Government outlined at Spending Review 2021 that social care reform funding would be part of Core Spending Power. In 2022/23, this will be the Market Sustainability & Fair Cost of Care Fund worth £162 million.

4.4.2 Government proposes to distribute this funding using the existing ASC RNF.

4.4.3 The Department for Health and Social Care have separately published [further detail on the purpose and conditions of this funding \(https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023/market-sustainability-and-fair-cost-of-care-fund-purpose-and-conditions-2022-to-2023\)](https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023/market-sustainability-and-fair-cost-of-care-fund-purpose-and-conditions-2022-to-2023) on 16 December. Any further questions on this grant should be direct to: asc.engagement@dhsc.gov.uk.

Question 5: Do you agree with the government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022/23?

4.4.4 For many councils, adults and children's social care are key priorities and the largest areas of spending. Councils are not expected to rely solely on this earmarked funding to meet the inflationary and demographic pressures facing these services; they also have access to funding from unringfenced grant, including the 2022/23 Services Grant, and from council tax.

5. 2022/23 Services Grant

5.1 2022/23 Services Grant

5.1.1 Government proposes to introduce a one off 2022/23 Services Grant worth £822 million for 2022/23.

5.1.2 This new grant will be distributed through our existing formula for assessed relative need across the sector, using 2013/14 shares of Settlement Funding Assessment.^[footnote 6] This will provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government.

5.1.3 This grant includes funding for local government costs for the increase in employer National Insurance Contributions.

5.1.4 The government proposes that this grant will not be ringfenced, and conditions on reporting requirements will not be attached. This is so local authorities can provide support across the entire sector in recognition of the vital services delivered at every level of local government.

5.1.5 Government has a clear intention for this grant to be one off for 2022/23. We have prioritised using an available distribution for 2022/23 but intend to work closely with local government on how to best use this funding from 2023/24 onwards. This funding would be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

Question 6: Do you agree with the government's proposals for a one-off 2022/23 Services Grant distributed using 2013/14 shares of the Settlement Funding Assessment?

6. Other Grants – New Homes Bonus, Rural Services Delivery Grant and Lower Tier Services Grant

6.1 Background on New Homes Bonus

6.1.1 The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas by rewarding local authorities for net additional homes added to the council tax base. It is paid annually from a top-slice of RSG.

6.1.2 The government has decided to maintain the current approach to the NHB payments in 2022/23.

6.2 New Homes Bonus in 2022/23

6.2.1 The government is proposing to roll-over last year's policy on NHB for a new round of NHB payments in 2022/23. New legacy commitments ceased to be made in allocations from 2020/21, and the government confirmed in February 2021 that it did not intend to reintroduce the concept of legacy payments. These payments will not attract new legacy commitments on those allocations.

6.2.2 The allocations for 2022/23 will be funded through a £554 million top slice of the Revenue Support Grant.

6.2.3 The government is not intending to change the calculation of NHB payments in 2022/23, and the methodology will therefore be the same as in 2021/22. The NHB payments will be calculated as units for reward above a payments baseline of 0.4%, multiplied by the average band D council tax payment, with an additional payment made for affordable homes. In two-tier areas, the annual payment will be split: 80% for shire districts and 20% for shire counties.

6.2.4 The government intends to honour previously announced legacy payments in the 2022/23 allocations. This means paying one outstanding round of legacy payments of £221m from the 2019/20 allocation.

Question 7: Do you agree with the government's proposals for New Homes Bonus in 2022/23?

6.3 Rural Services Delivery Grant

6.3.1 The government proposes to roll-forward the 2021/22 allocations of the £85 million Rural Service Delivery Grant for 2022/23, with the distribution and quantum of the grant unchanged.

6.3.2 In 2021/22, allocations were distributed to the top quartile of local authorities on the basis of the 'super-sparsity' indicator. This ranks authorities by the proportion of an authority's population living in sparsely populated Output Areas, according to Census data. We propose to use the same approach for 2022/23.

Question 8: Do you agree with the government's proposals for the Rural Services Delivery Grant in 2022/23?

6.4 Lower Tier Services Grant

6.4.1 The Lower Tier Services Grant was introduced in the 2021/22 local government finance settlement for local authorities with responsibility for lower tier services.

6.4.2 The government proposes to keep the Lower Tier Services Grant for another year, maintaining the value of the grant from 2021/22 into 2022/23. We propose to keep the grant at £111 million.

6.4.3 We also propose to extend last year's funding floor for one additional year. In doing so we propose to update to ensure no authority sees an annual reduction in Core Spending Power in 2022/23 compared to 2021/22 Core Spending Power.

6.4.4 We will update the exact allocations for the funding floor at the final settlement, to reflect any changes in allocations between the provisional and the final local government finance settlement.

[\[footnote 7\]](#)

Question 9: Do you agree with the government's proposals for the Lower Tier Services Grant, with an updated minimum funding floor in 2022/23 so that no authority sees an annual reduction in Core Spending Power?

7. Equalities Impacts of these Proposals

7.1 Draft policy Impact Statement

7.1.1 A [draft policy impact statement \(https://www.gov.uk/government/publications/provisional-local-government-finance-settlement-2022-to-2023-draft-policy-impact-statement\)](https://www.gov.uk/government/publications/provisional-local-government-finance-settlement-2022-to-2023-draft-policy-impact-statement) focused on the impact of proposals on people who share protected characteristics of the 2022/23 local government finance settlement has been published alongside this consultation document.

Question 10: Do you have any comments on the impact of the proposals for the 2022/23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments.

Annex A: Personal data

The following is to explain your rights and give you the information you are be entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

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

The Department for Levelling Up, Housing and Communities (DLUHC) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk or by writing to the following address:

Data Protection Officer
Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
London
SW1P 4DF

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, DLUHC 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 the mandatory statutory requirements to consult under sections 78(5), 78A(3) and paragraph of Schedule 7B of the Local Government Finance Act 1988.

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by DLUHC of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

4. With whom we will be sharing your personal data

Other government departments including:

1. Attorney General's Office
2. Cabinet Office
3. Department for Business, Energy and Industrial Strategy
4. Department for Digital, Culture, Media and Sport
5. Department for Education Department for Environment
6. Food and Rural Affairs
7. Department for International Trade
8. Department for Transport

9. Department for Work and Pensions
10. Department of Health and Social Care
11. Foreign, Commonwealth and Development Office
12. Her Majesty's Treasury
13. Home Office
14. Ministry of Defence
15. Ministry of Justice
16. Northern Ireland Office
17. Office of the Advocate General for Scotland
18. Office of the Leader of the House of Commons
19. Office of the Leader of the House of Lords
20. Scotland Office UK
21. Export Finance
22. Wales Office

DLUHC may appoint a 'data processor', acting on behalf of the department and under our instruction, to help analyse the responses to this consultation. Where we do, we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

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, restriction, objection

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 your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. 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/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO:

dataprotection@communities.gov.uk

or

Knowledge and Information Access Team
Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
London SW1P 4DF

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

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.

Annex B: Address details and list of consultation questions

We request responses through the following [online form \(https://consult.communities.gov.uk/local-government-finance/lgf-settlement-2223\)](https://consult.communities.gov.uk/local-government-finance/lgf-settlement-2223).

If the survey link is inoperable, written responses may be sent by email or post to: lgfsettlement@communities.gov.uk.

Or

Local Government Finance Settlement Team
Department for Levelling Up, Housing and Communities
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
- a contact telephone number

Question 1: Do you agree with the government's proposed methodology for the distribution of Revenue Support Grant in 2022/23, including the rolling in of two New Burdens grants?

Question 2: Do you agree with the proposed package of council tax referendum principles for 2022/23?

Question 3: Do you agree with the government's proposals for the Social Care Grant in 2022/23?

Question 4: Do you agree with the government's proposals for iBCF in 2022/23?

Question 5: Do you agree with the government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022/23?

Question 6: Do you agree with the government's proposals for a one-off 2022/23 Services Grant distributed using 2013/14 shares of the Settlement Funding Assessment?

Question 7: Do you agree with the government's proposals for New Homes Bonus in 2022/23?

Question 8: Do you agree with the government's proposals for Rural Services Delivery Grant in 2022/23?

Question 9: Do you agree with the government's proposal for the Lower Tier Services Grant, with a new minimum funding floor in 2022/23 so that no authority sees an annual reduction in Core Spending Power?

Question 10: Do you have any comments on the impact of the proposals for the 2022/23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments.

Annex C: 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.

Business Rates Baseline

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.

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.

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 updated by the small business rates multiplier for the purposes of assessing eligibility for support).

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.

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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.
 3. The share of 2013/2014 Settlement Funding Assessment for authorities that have restructured since 2013/2014 is calculated in a manner consistent with previous Local Government Finance Reports. For Isle of Wight and Hampshire Fire's 2021/2022 restructuring, we have calculated their fire tier funding for 2013/2014 and allocated this to Hampshire Fire authority.
 4. The New Burdens we propose to roll into RSG for 2022/23 will be excluded from the calculations for the minimum funding floor.
 5. Please refer to section 5.1 of the [2019-20 Local Government Finance Settlement Technical Consultation \(https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation\)](https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation) for an explanation of the issue of negative Revenue Support Grant.
 6. The share of 2013/2014 Settlement Funding Assessment for authorities that have restructured since 2013/2014 is calculated in a manner consistent with previous Local Government Finance Reports. For Isle of Wight and Hampshire Fire's 2021/2022 restructuring, we have calculated their fire tier funding for 2013/2014 and allocated this to Hampshire Fire authority.
 7. In particular, the government would note that we have outlined our intention to increase the value of the Under Indexation Grant to compensate to RPI. This may mean that some local authorities require less floor funding to be at flat cash, which will free up a small amount of money to reallocate across all lower tier authorities. The Core Spending Power figures published at provisional settlement show under-indexation in line with the Consumer Price Index but will be updated to RPI for the final settlement.
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