



Ministry of Housing,
Communities &
Local Government

Victoria Prentis MP
House of Commons
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Simon Clarke MP

*Minister for Regional Growth and Local
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Dear Victoria,

Thank you for your email dated 20 June, on behalf of Councillor Tony Ilott of Cherwell District Council, about additional Covid-19 tasks and pressures.

I am very grateful to councils across the country for their tireless efforts during this pandemic. Local government has been at the heart of an immense national response, and I know Cherwell Council will help lead us through the strong and swift economic recovery we need.

The Secretary of State said at the outset of the pandemic that the Government would ensure local authorities have the resources they need to continue to deliver vital services and protect their financial sustainability.

To do that, we provided over £27 billion to support local councils, businesses and communities including the £3.2 billion of un-ringfenced support specifically for local authorities in England. This funding has allowed councils to deliver for their communities including helping get rough sleepers off the streets, establishing our shielding programme, and providing support for 800,000 small and medium-sized businesses.

But these pressures have not yet passed, and on 2 July we announced further measures as part of a comprehensive package of support for local authorities, these include:

- a further £500 million of funding to cover local authority spending pressures;
- a co-payment mechanism for irrecoverable sales, fees and charges income, with the Government covering 75% of losses beyond 5% of planned income;
- the phased repayment of Collection Fund deficits over the next 3 years; and
- a commitment to set out support for local authorities for irrecoverable tax income at the Spending Review.

We are also considering how to support councils in managing your tax losses. The Secretary of State committed to an apportionment of irrecoverable Council Tax and Business Rates losses between central and local government. These losses materialise in budgets in 2021-22 and details of this measure will therefore be determined at the upcoming Spending Review.

On expenditure, we will support councils with the money needed to carry out the tasks we have asked of you including adult social care, children's services, public health services, fire

and rescue services, household waste services, shielding the clinically extremely vulnerable people, homelessness and rough sleeping, domestic abuse, managing excess deaths and support for re-opening the country. I have been pleased that councils have worked with us openly and collaboratively throughout the pandemic, and the information you have provided has been hugely important in shaping our understanding of the pressures.

We understand that councils are continuing to see increased costs across a range of services, and the additional £500 million takes the total of un-ringfenced funding given to councils £3.7 billion to help their communities through the crisis. This package of support addresses the income and expenditure pressures that councils have told us they are facing.

The income scheme provides local authorities with the certainty they need for the duration of this financial year, which allows councils to maximise the un-ringfenced grant allocations in this and previous rounds to cover their expenditure pressures. I recognise that some will want to go beyond these immediate priorities and continue supporting their communities in other ways, and it is right that the cost of doing so is met locally.

It is important that we ensure funding reaches the places with the greatest need, and that we recognise the disproportionate impact of the pandemic on our most deprived communities. To do this we will be distributing funding through a tailored allocation formula. We will also take account of how service delivery costs vary across the country. We will communicate these allocations shortly.

I believe these measures amount to a comprehensive package of support for the sector, allowing councils to rise to the challenges we will continue to face during our recovery from the pandemic, without compromising long-term sustainability.

Yours ever,

A handwritten signature in dark ink, appearing to read 'Simon Clarke', with a long horizontal stroke extending from the end of the signature.

SIMON CLARKE MP