Local Government Association

The National Landscape of Local Government Finances and Funding

The Financial Management in Local Government Conference

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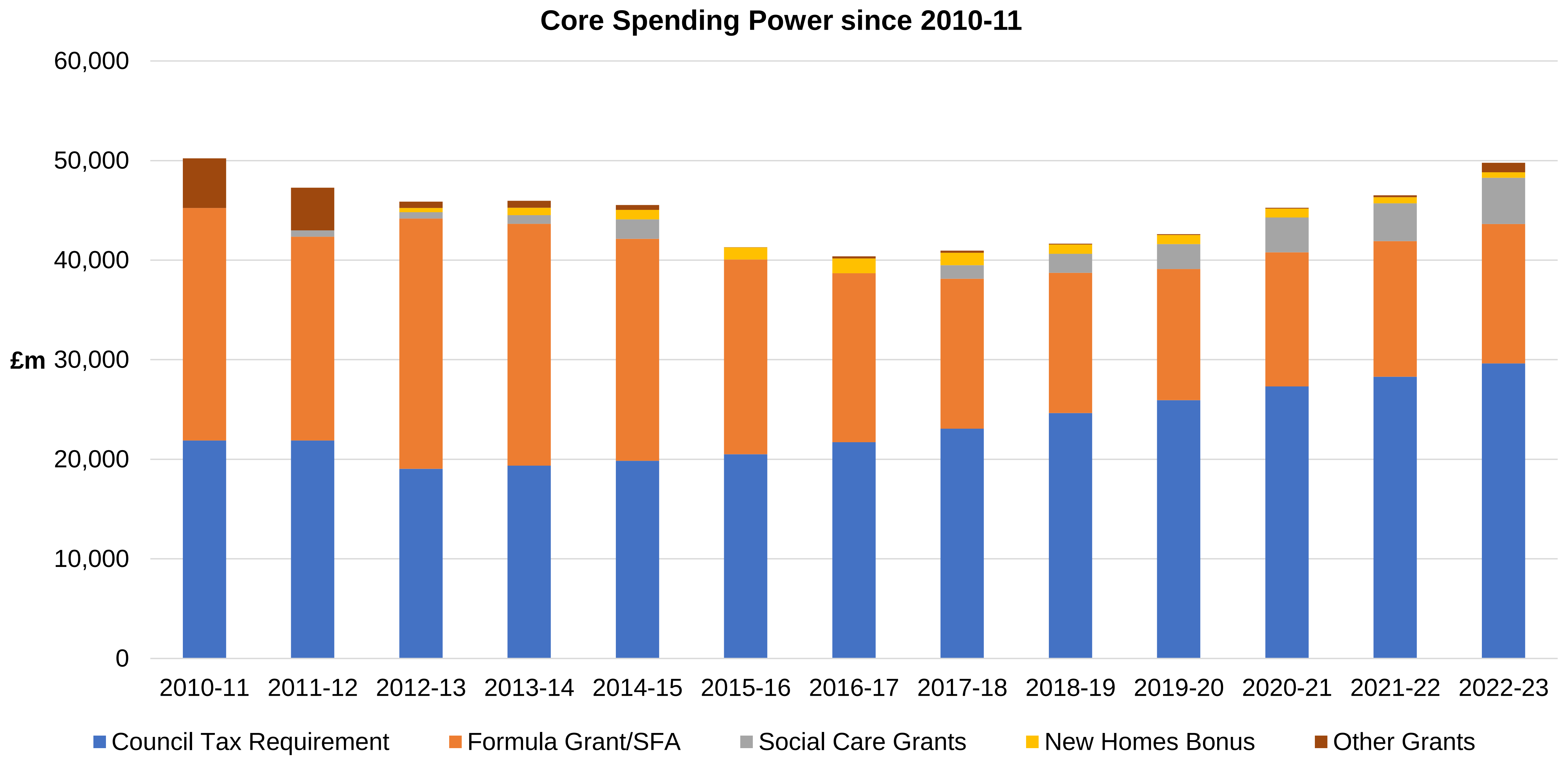
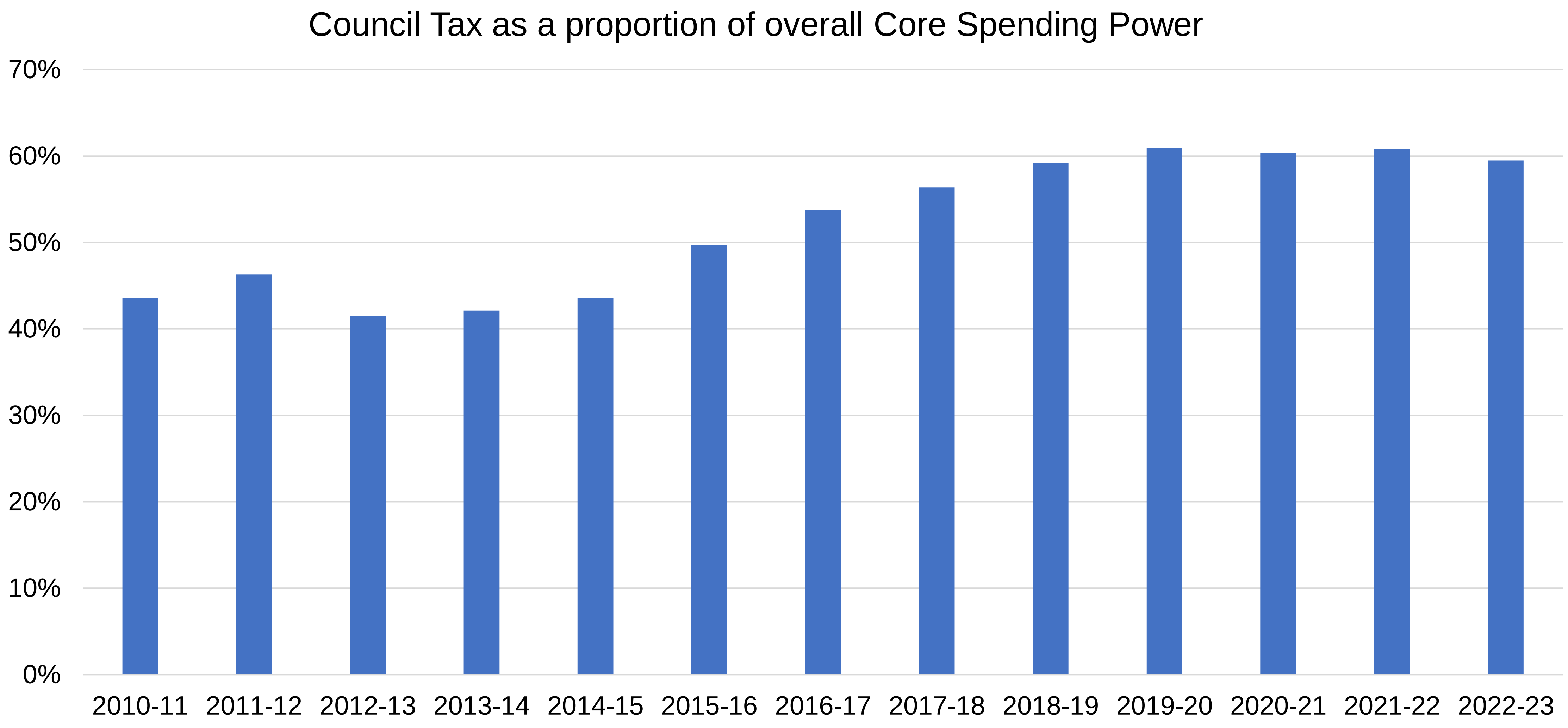
Funding Landscape since 2010

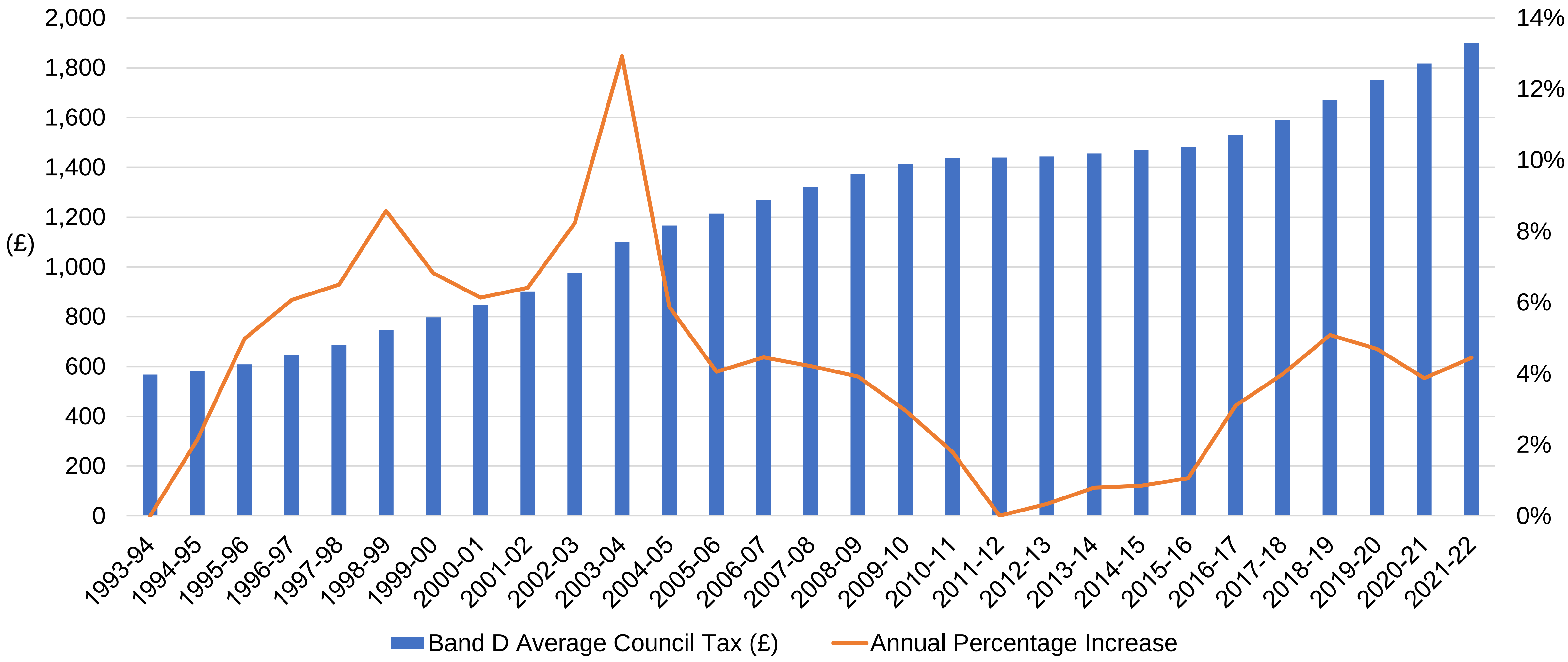


The Importance of Council Tax

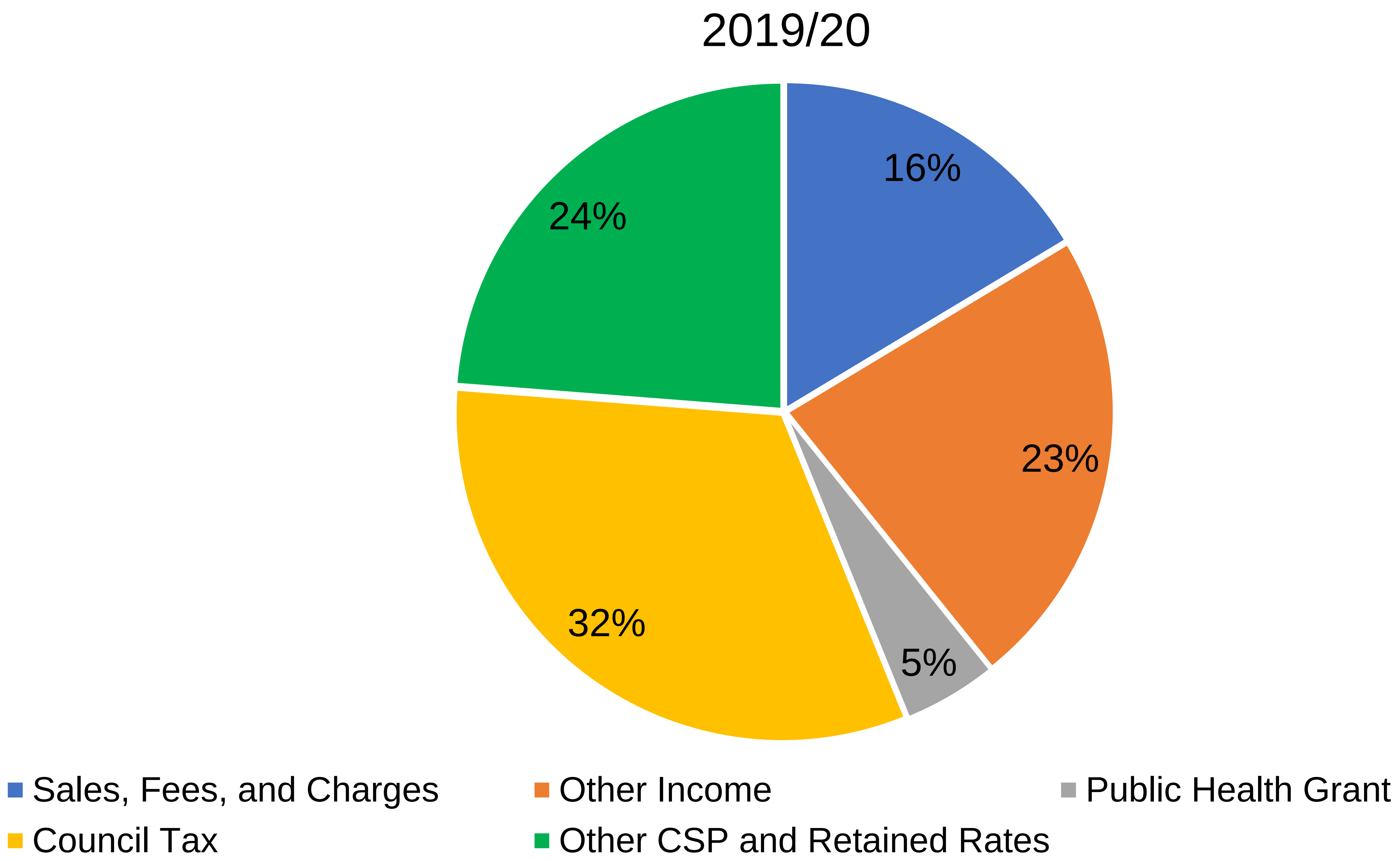


Note: decrease in 2012-13 due to adjustment as Council Tax Support Funding of £3.3bn rolled in

Council Tax Levels Over Time



Income Breakdown



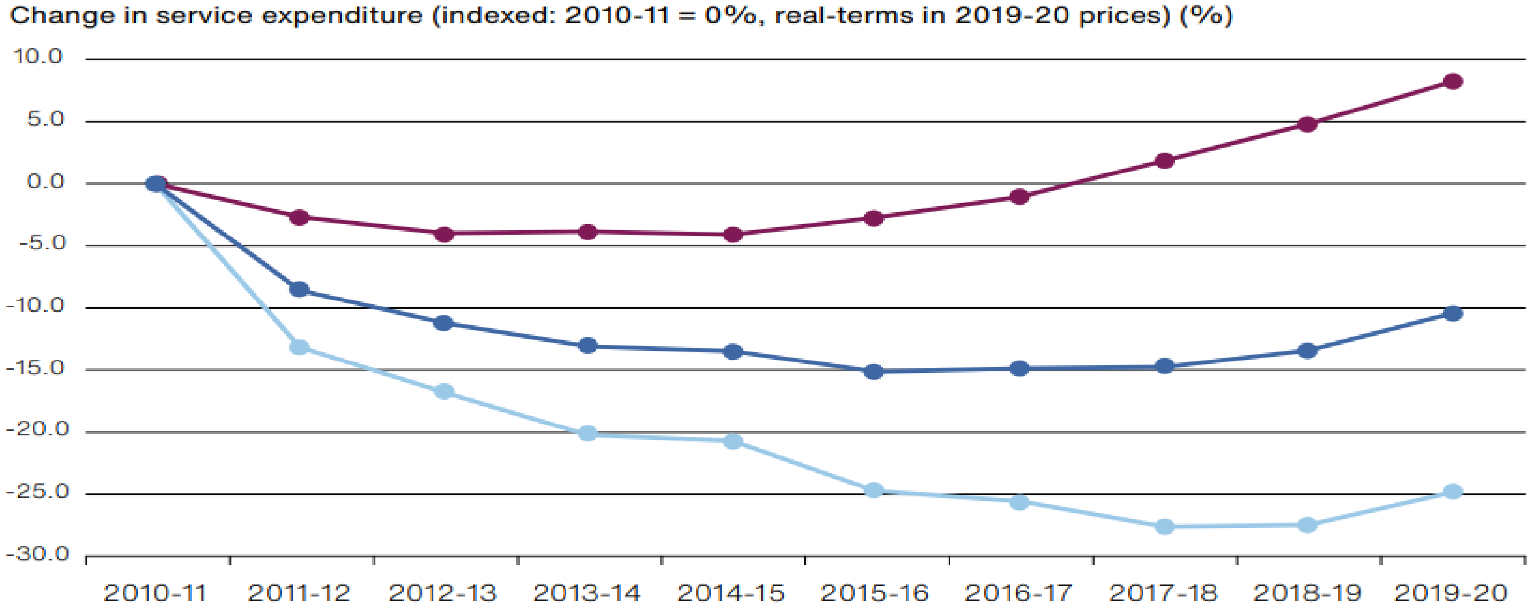
Trends in Revenue Spending

Council spending on services over time

Figure 9

Change in service spend, gross of sales, fees and charges, by English local authorities, 2010-11 to 2019-20

Spending on non-social care services has fallen nearly 25% since 2010-11



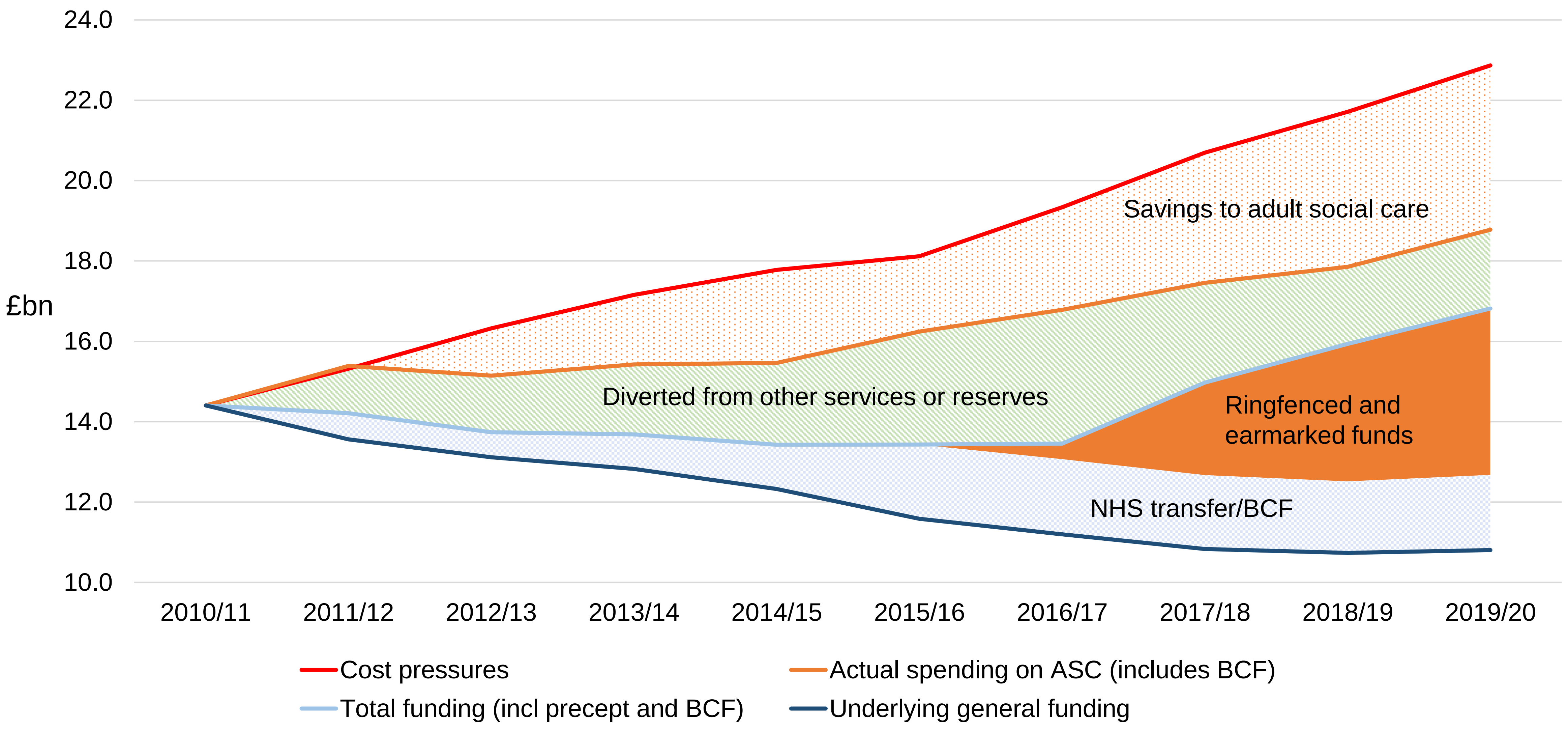
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
● Social care	0.0%	-2.6%	-4.0%	-3.8%	-4.1%	-2.7%	-1.0%	1.9%	4.8%	8.3%
● Non-social care	0.0%	-13.1%	-16.8%	-20.1%	-20.5%	-24.6%	-25.6%	-27.6%	-27.5%	-24.8%
● All services	0.0%	-8.6%	-11.2%	-13.0%	-13.4%	-15.1%	-14.9%	-14.7%	-13.4%	-10.4%
Social care (£m)	29,747	28,960	28,570	28,609	28,532	28,946	29,439	30,306	31,180	32,204
Non-social care (£m)	38,508	33,449	32,045	30,768	30,599	29,026	28,663	27,883	27,936	28,944
All services (£m)	68,256	62,409	60,615	59,377	59,131	57,972	58,102	58,188	59,117	61,148

Note

1 Figures are rounded. As a result, adding up sub-totals may not match the numbers given for all service spend.

Source: National Audit Office analysis of Department for Levelling Up, Housing & Communities data

Adult social care financial challenge

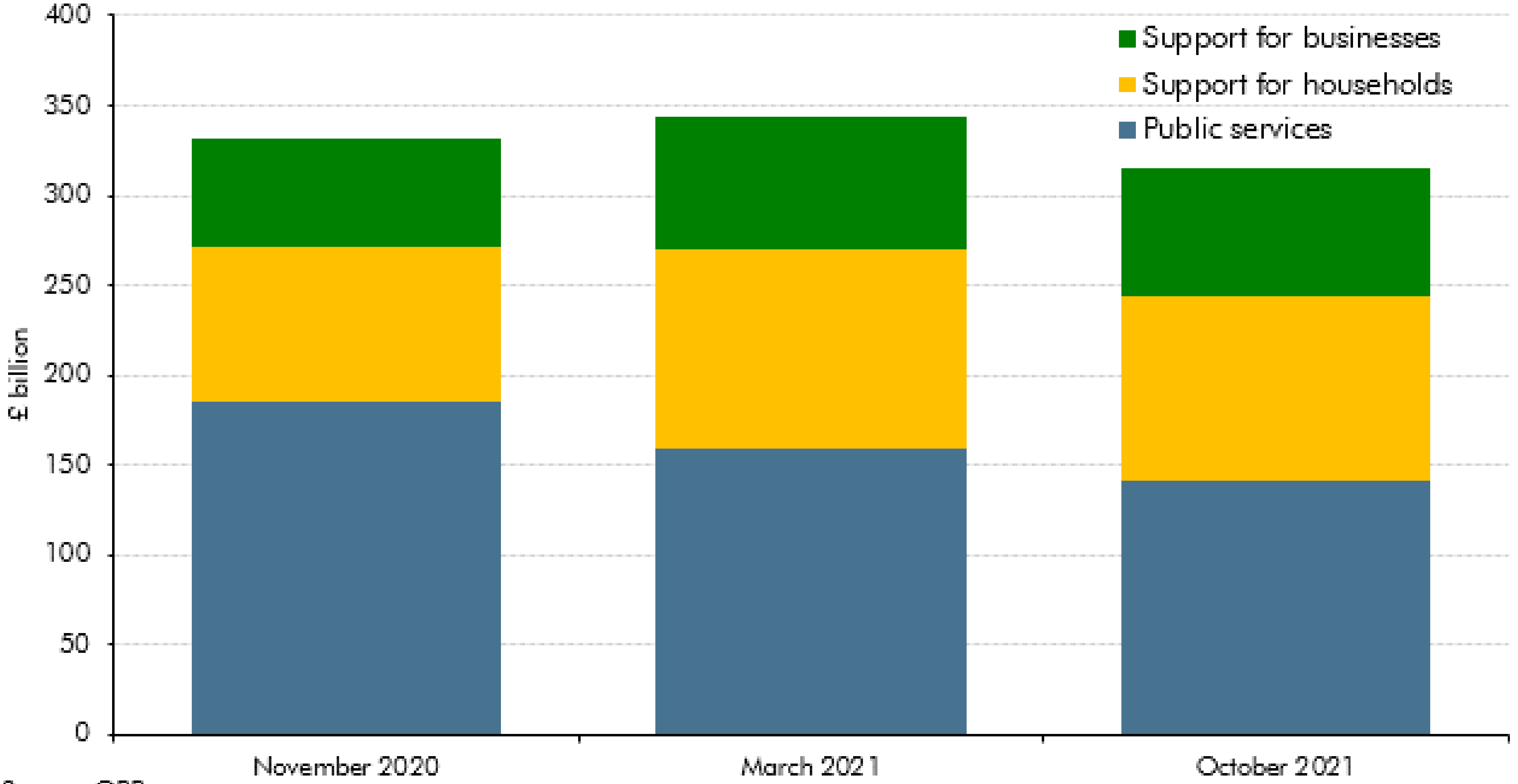


Cost Pressures

Cost Pressures (pre SR 2021 and excl. COVID-19)

	2022/23 £bn	2023/24 £bn	2024/25 £bn
Cost pressures	2.5	5.7	7.8
Existing adult social care provider market pressures	1.5	1.5	1.5
Existing pressures on children's social care	1.0	1.0	1.0
Existing pressures on homelessness	0.2	0.2	0.2
Addressing the public health service underfunding	0.9	0.9	0.9
SEND deficits not met by funding	0.6	0.6	0.6
Total core revenue funding need	**6.7**	**9.9**	**12.0**

The cost of pandemic-related rescue measures



Source: OBR

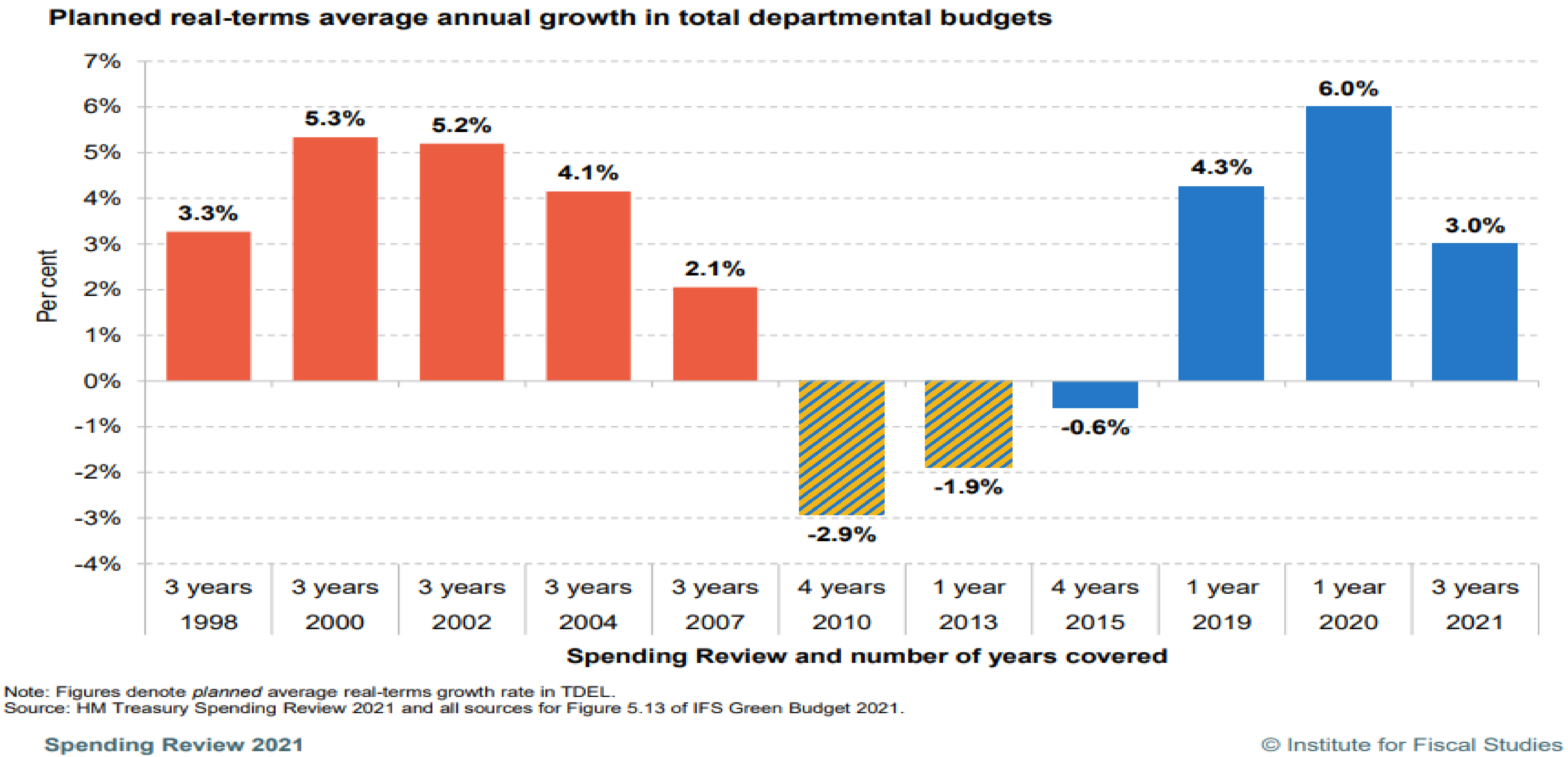
COVID-19 – financial pressures on councils

2021/22	COVID pressures (£bn)	Government Funding (£bn)
Cost pressures	£4.6	£4.7
Lost non-tax income (SFC, Commercial, Other income)	£1.1	£0.2
In Year Total	**£5.7**	**£4.9**
Lost tax income (Council tax and business rates) – impact budgets in 2022/23 onwards	£1.2	£0.0
Total	**£6.9**	**£4.9**

2020/21	COVID pressures (£bn)	Government Funding (£bn)
Cost pressures	£6.8	£9.6
Lost non-tax income (SFC, Commercial, Other income)	£2.7	£1.3
In Year Total	**£9.5**	**£10.9**
Lost tax income (Council tax and business rates) – impact budgets in 2021/22 onwards	£2.2	£0.8
Total	**£11.7**	**£11.7**

What the future holds

SR 2021 in context of past SRs



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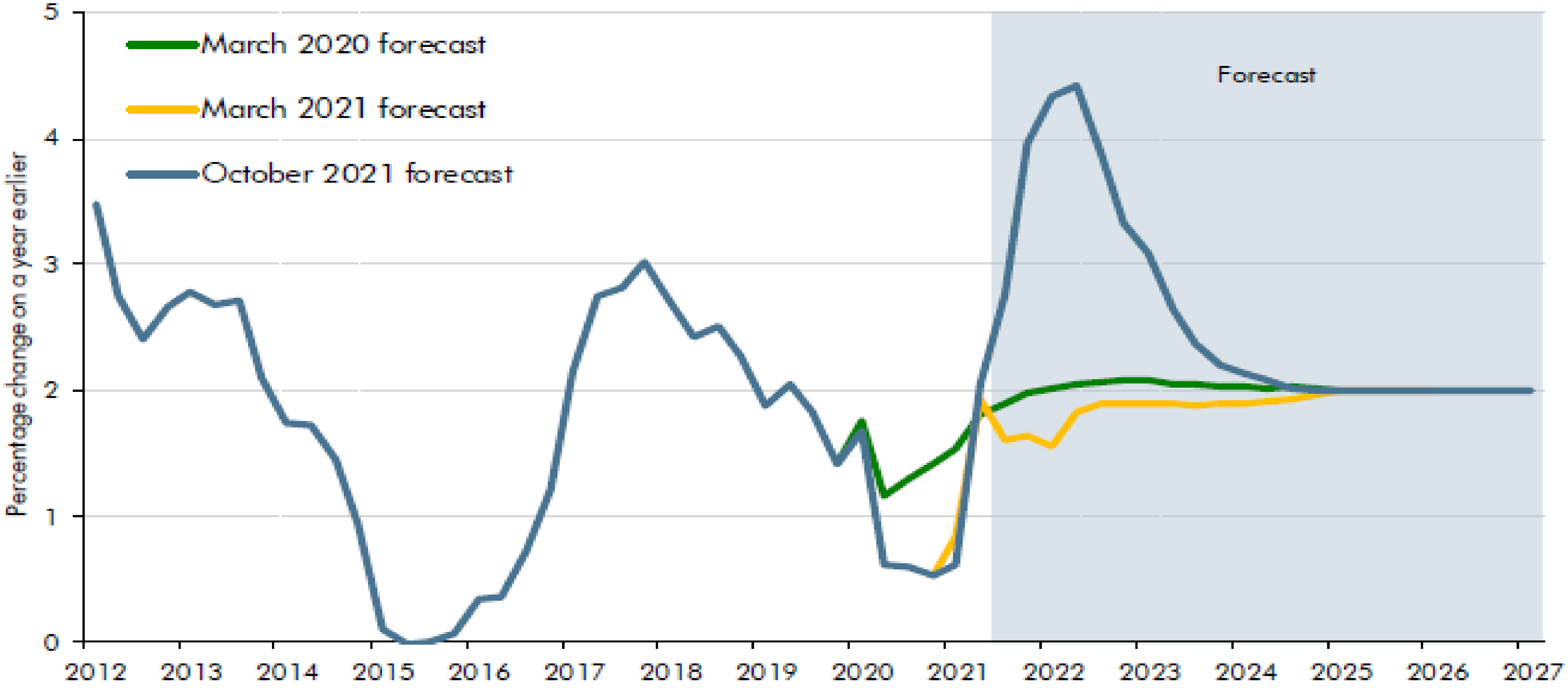
Spending Review at-a-glance

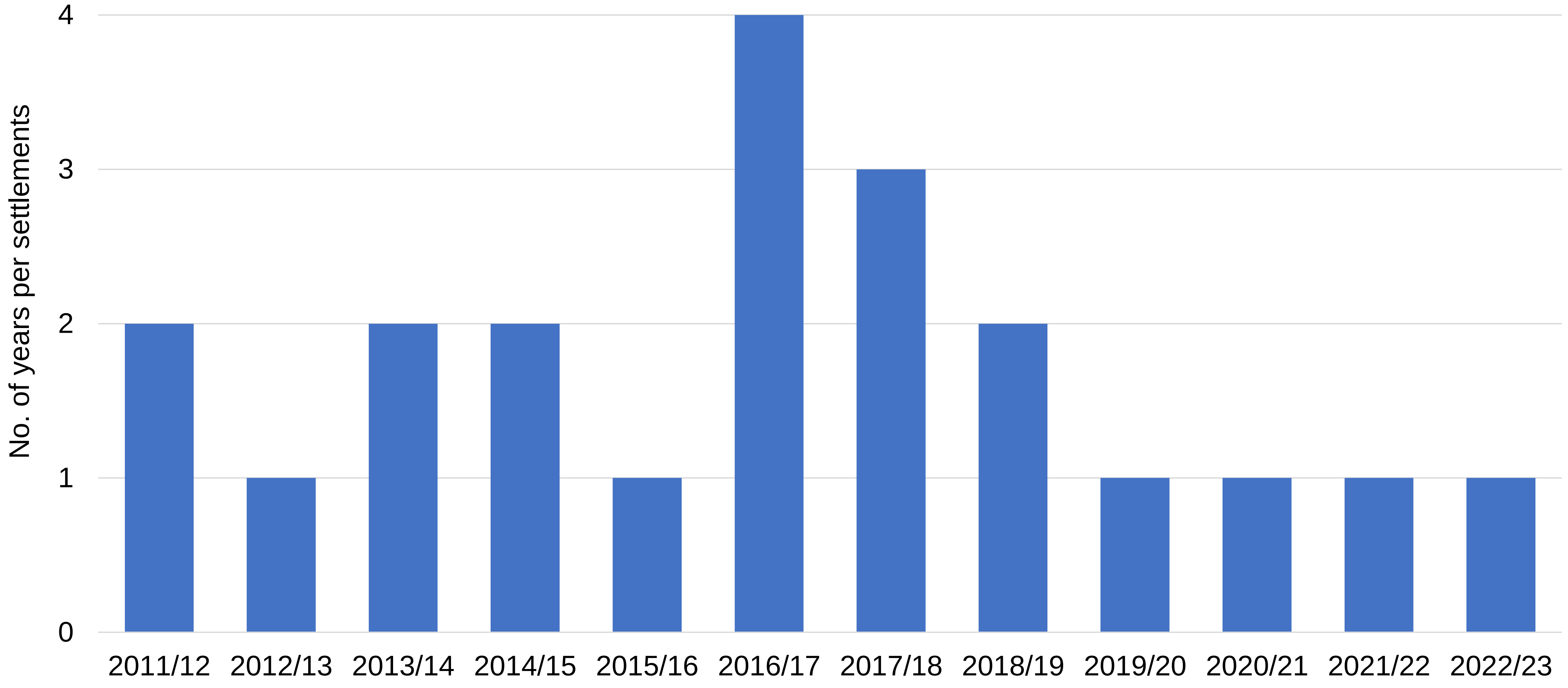
	21/22, £bn	22/23, £bn	23/24, £bn	24/25, £bn	Average Real Terms annual growth, 21/22 to 24/25
Local government core spending power	50.4	53.5	55.2	56.9	3.9%
LG DEL (Includes Adult Social Care Reform)	9.1	10.8	12.1	12.7	9.4%
LG DEL (Excludes Adult Social Care Reform)	9.1	10.6	10.7	10.7	5.9%
NHS England, day-to-day	136.1	151.8	157.4	162.6	3.8%
Department for education, day-to-day	70.7	77.0	79.2	80.6	2.2%
All government departments, day-to-day (excludes ringfenced COVID-19 funding)	384.9	435.2	442.5	453.7	3.3%

Economic Outlook – inflation (CPI)



Source: ONS, OBR

Financial planning horizon over time



Sources of Uncertainty

Squaring the circle: Reform and a multi-year settlement

- Business rates reset
- Business rates retention?
- Fair Funding Review
- New Homes Bonus

Interactions with other policies

- Environment Bill reforms
- Levelling up white paper
- Adult social care reform