



## Ministry of Housing, Communities & Local Government

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4<sup>th</sup> November 2019

Dear Julia,

As you know I met with your team on 16 October to discuss Havering's financial position. This letter outlines Havering's emerging position in the forthcoming local government finance settlement and provides details of a fund that Havering Borough Council could apply for in the future.

I am delighted that the Chancellor has announced the biggest year-on-year real terms increase in spending power for local government in almost a decade. Core Spending Power across the country is expected to rise from £46.2 billion to £49.1 billion in 2020-21, an estimated 4.3% real terms increase.

I recognise the rising pressure of social care on councils like Havering, and for 2020-21, we are proposing a new Social Care Grant 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. Havering is estimated to receive approximately £5.5 million from this new grant and would also benefit from the 2% Adult Social Care precept that we have proposed.

I appreciate that the pressures Havering face extend beyond social care, which is why we are also increasing elements of core settlement funding in line with inflation and are consulting on a 2% core council tax principle for all councils next year.

This year's local government finance package recognises the central role that local authorities play in supporting communities and our most vulnerable members of society. That is why we have recommitted to implementing significant reforms to the local government finance system in 2021-22, including reviewing the funding allocations formula and increasing the amount of retained business rates to 75%.

I hope you will share my view that this is a positive outcome for Havering Borough Council, which provides a significant increase in funding. I look forward to presenting more detailed funding proposals for all local authorities, including Havering, at the provisional settlement in December. I have also attached below a summary of funding made available to Havering for the current financial year, 2019-20.

Further to our conversation regarding additional funding that Havering Borough Council can apply for, we expect there to be a second-round of Future High Streets Fund (FHSF) opportunities in 2020. The objective of the FHSF is to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. The full criteria can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/783523/FHS%20Fund%20Supplementary%20guidance%20for%20bidding%20authorities.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/783523/FHS%20Fund%20Supplementary%20guidance%20for%20bidding%20authorities.pdf).

As you will be aware the Prime Minister announced an expansion to the FHSF in July, which included an additional £325 million, taking the overall pot to £1 billion. I would encourage local authorities, including Havering Borough Council to submit applications for this fund.

I hope this provides you with clarity on Havering's financial position next year. If there is anything else I can help you with, please let me know.

Yours ever,

A handwritten signature in blue ink, appearing to read "Luke Hall".

**LUKE HALL MP**

	<u>2019-20</u>
<i>Settlement Funding Assessment of which:</i>	<i>£35.4m</i>
<i>Revenue Support Grant (before pilots)</i>	<i>£1.4m</i>
<i>Baseline Funding (before pilots)</i>	<i>£34.0m</i>
<i>Council Tax of which:</i>	<i>£127.8m</i>
<i>Council Tax Requirement excluding parish precepts</i>	<i>£118.2m</i>
<i>additional revenue from referendum principle for social care</i>	<i>£9.5m</i>
<i>Potential additional Council Tax from £5 referendum principle for all Districts</i>	<i>£0.0m</i>
<i>Improved Better Care Fund</i>	<i>£5.6m</i>
<i>New Homes Bonus</i>	<i>£3.0m</i>
<i>Main Payment</i>	<i>£3.0m</i>
<i>Returned funding</i>	<i>£0.0m</i>
<i>Rural Services Delivery Grant</i>	<i>£0.0m</i>
<i>Transition Grant</i>	<i>£0.0m</i>
<i>Winter Pressures Grant</i>	<i>£1.0m</i>
<i>Social Care Support Grant</i>	<i>£1.7m</i>
<i>Adult Social Care Support Grant</i>	<i>£0.0m</i>
<i>Compensation for under-indexing the multiplier</i>	<i>£1.1m</i>
<b><i>Core Spending Power</i></b>	<b><i>£175.6m</i></b>