September 2020



Thank you for contacting me about funding for local authorities during the coronavirus outbreak.

Local authorities have been at the forefront of the response to the coronavirus outbreak in our communities where the most vulnerable and deprived have been particularly at risk. The spread of the virus has placed unprecedented demands on local services and I am proud of all key and public sector workers in my constituency and what they contributed in the fight against Covid-19.

Significant additional funding has been provided to local authorities to support them as they respond to the outbreak. £3.2 billion in funding was provided for councils to immediately relieve local pressures and help vulnerable people as councils see fit, as well as £600 million for care homes. A further £500 million was later allocated to get councils on the front foot and build much-needed breathing space into their budgets.

In total the Government has committed almost £28 billion to local areas to support councils and their communities. This includes over £20 billion in support for business, £4.3 billion in new council funding, £500m Hardship Fund to reduce council tax bills for the most vulnerable and £300m to support track and trace. Over £5 billion has also been provided to support local authorities with immediate cashflow problems and £1.8 billion was provided in March to compensate councils for the business rates relief scheme. This funding builds on the recent Local Government Finance Settlement that provided the largest increase in a decade in spending power for councils in England.

I know that many councils are worried about what lies in the future. A new income recovery scheme covers local council losses over 5 per cent of planned income at a rate of 75p for every pound, encouraging councils to minimise losses where they can and providing certainty where needed. This comes alongside a proposal for a phased repayment of council tax and business rates deficits over three years rather than one.

My Ministerial colleagues have assured me that they are working on a comprehensive plan to ensure the financial stability of local government through the year. I am confident that these measures will provide local communities with the resources they need to recover from the outbreak.

Thank you again for taking the time to contact me.

Yours faithfully,

**CHRIS HEATON-HARRIS MP**

**MEMBER OF PARLIAMENT FOR DAVENTRY**