



HM Treasury

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Damian Eaton  
By email

9 August 2023

Our reference: TO2023/12247

Dear Damian Eaton,

Thank you for your correspondence dated 17 July to the Chancellor of the Exchequer regarding public sector pay. As it is not practical for ministers to respond personally to all the correspondence they receive, I have been asked to reply.

Local councils play an essential role in the fabric of our country – providing services which we all rely on and supporting some of the most vulnerable people in our communities. At Spending Review 2021, the Government set out that councils in England will receive £4.8 billion of new grant funding between 2022-23 and 2024-25, the largest annual increases in core funding for local authorities in over a decade.

However, the Government recognises that inflation is higher than it was when these budgets were set and is committed to supporting councils to deliver high-quality public services. At Autumn Statement 2022, the Chancellor announced an historic increase in funding for social care, making available an additional £2.8 billion in 2023-24 and £4.7 billion in 2024-25. This includes £1 billion of new grant funding in 2023-24 and £1.7 billion in 2024-25, further flexibility on council tax, and savings from delaying the rollout of adult social care charging reforms.

The 2023-24 Local Government Finance Settlement published by the Department for Levelling Up, Housing and Communities confirms that councils will see a nine per cent increase in Core Spending Power in total, making available almost £5 billion in additional resources, demonstrating how the Government stands behind councils up and down the country.

You will be aware that local government pay is negotiated between the National Joint Council's employer and union representatives, and that it is ultimately for local councils to decide what is appropriate based on what they can afford and their needs.

The Government does not have any formal role in these matters but continues to engage with the sector to understand the pressures that local authorities are facing, and is ready to talk to any council with concerns about its financial position where it cannot take steps to manage pressures locally.

I hope the Autumn Statement and Local Government Finance Settlement provide reassurance on the Government's commitment to supporting the delivery of high-quality public services.

Thank you for taking the time to make us aware of your concerns.

Yours sincerely,

Local Government  
HM Treasury