

Funding the Future

Local authorities cannot take any of the financial burde...

Published: January 13, 2026, 2:06 am

The government has suggested that local authorities should '[share the financial burden](#)' of coronavirus with the Westminster government. They have admittedly allocated an additional some of £1.6 billion: in the sum of things this might technically be described as 'an insignificant amount'. It is, after all, just £24 a person in the UK.

I admired this response to this crisis from the leader of Gateshead council that has been sent to me. It is an appropriate response. If it has been written in the context of modern monetary theory, saying that central government can create the money to pay for this as it is the controller of the central bank and the local authority is not, it would have been even better, but it's still good:



www.gateshead.gov.uk

Councillor Martin Gannon Leader of the Council

Rt Hon Boris Johnson
Prime Minister
10 Downing Street
London
SW1A 2AA

My Ref: MG/ER
Your Ref:

Date: 22 April 2020

Dear Prime Minister

I am writing to express my deep concerns about the consequences of your Government not providing adequate financial support for local authorities as we respond to the coronavirus pandemic.

The recent announcement of a further £1.6 billion of funding for local government was welcome news, as was the Secretary of State's recognition of our critical role in supporting our communities during the coronavirus pandemic.

Of the first £1.6 billion, Gateshead Council received £7.6m, which we believe to have been predicated on social care and population-based formula. We now await, with interest, the value of the Government's additional allocation to Gateshead.

The recent return that the Council made to MHCLG will have evidenced that the financial cost to our Council already stands at £37.5 million, comprising £15.9 million in additional expenditure and £21.6 million in lost income; figures that will increase month on month for the foreseeable future. Early announcements by Ministers had been that we would be compensated for additional costs, which we trust Government will stay true to its word on.

Gateshead Council has and will always continue to put people at the heart of all that it does. In response to this crisis we have actively:

- worked in partnership to provide essential food and support to residents in the borough who needed help with accessing food and essential services – with more than 1250 individuals receiving direct support to date;
- worked with the local care market to ensure adult social care in the borough can be sustained in the face of this crisis, and adequately support community discharge from hospital – supporting the NHS;
- responded to Government's call to support the processing of Small Business Grant and Retail, Hospitality and Leisure Grants with more than 2300 payments being processed - totaling £28m;

