



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**Title**            **Provisional Local Government Settlement 2019-20**

**Date**            **9 October 2018**

**By**                **Alun Davies AM**  
**Cabinet Secretary for Local Government and Public Services**

Following the announcement last week, by the Cabinet Secretary for Finance, of the outline Draft Budget 2019-20, details of the core funding allocations for local authorities for 2019-20 are published today. The Welsh Government's budget statement sets out the context for this year's local government settlement – the uncertainty surrounding the arrangements for leaving the EU, the forthcoming UK Autumn Budget and the UK Government's planned Spending Review in 2019, and the continuing constraints on public spending. These same factors form the backdrop for local authorities' own budget-setting processes for the coming financial year. Adjusting for transfers, the core revenue funding for local government in 2019-20 will reduce by 0.3% on a like-for-like basis compared to the current year.

After the announcement of the Final Budget last year, despite the additional £40 million to support ongoing pressures in local government, authorities were facing the prospect of a 1.0% reduction in core funding for 2019-20, equating to a £43 million reduction in cash terms. We have worked hard, across Government, to offer local government the best settlement possible in the current financial climate, and we have made further allocations to the local government settlement to mitigate most of the reduction local government had been expecting.

In 2019-20, local authorities will receive £4.2 billion from the Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services. This includes £2.5 million of floor funding, fully funded by the Welsh Government, to ensure that no authority has to manage with a reduction of more than 1.0% in its Aggregate External Finance next year.

Within this settlement, we have provided funding for additional costs arising from changes by the UK Government through the teachers' pay award, and to reflect the importance of local government's role in the health and social care system. We are also providing funding for our proposals for new eligibility criteria for free school meals given the continued rollout of Universal Credit by the UK Government.

Specifically, in line with the proposals in our recent consultation, we are making an additional £7 million available to local authorities, through the settlement, for free school meals in 2019-20, based on the latest forecasts. We will also be providing additional funding of £4 million to local authorities in 2018-19 for free school meals via a grant scheme. This will support local authorities in meeting the costs associated with our proposed threshold and transitional protection measures.

We are directing all of the £23.5 million announced by the UK Government on 13 September, to fund the school teachers' pay award. For 2018-19, £8.7 million will be made available via specific grants. £13.7 million has been included in the settlement for 2019-20 to fund the increase in teachers' pay in maintained schools from nursery to year 11, and the remaining £1.1 million will continue to be delivered outside the settlement, as a specific grant, for teachers in school sixth forms.

In recognition of the important role local authorities play in delivering core social services and the preventative approach at the heart of delivery, this settlement contains a further £20 million to help ease those pressures.

As the budget announcement set out, we have been able to restore funding to a number of grants to local authorities and made other funding decisions from which local authorities will directly benefit. An additional £30 million targeted funding for social care outside the settlement is being made available, bringing the total additional investment in social care in 2019-20 to £50 million compared to previously published plans for the year.

The importance of education is reflected in an additional £15 million, allocated through the Education Main Expenditure Group, for schools. We are committed to investing in raising school standards and removing barriers to learning to support young people to reach their potential.

Alongside the settlement we are, again, providing £600,000 to support local government to eliminate charging for child burials. This recognises and builds on the positive steps already taken by all councils in Wales and continues to ensure a fair and consistent approach across Wales.

This Welsh Government remains committed to protecting vulnerable and low-income households from any reduction in support under the Council Tax Reduction Schemes, despite the shortfall in the funding transferred by the UK Government following its abolition of Council Tax Benefit.

We will continue to maintain full entitlements under our Council Tax Reduction Scheme (CTRS) for 2019-20 and are again providing £244 million for CTRS in the local government settlement in recognition of this. The arrangements for 2020-21 onwards will be determined as part of our wider considerations about how to make council tax fairer.

Prior to the final settlement, we will consider further evidence collected about the financial impact of increasing the capital limit used in charging for residential care. This will allow a decision to be taken on the next stage of increasing this limit to deliver our commitment to raise it to £50,000 during the lifetime of this government and to reflect any financial implications of that decision for 2019-20 in the final settlement.

While we have worked hard to offer local government the best settlement possible, I recognise that this settlement is a real terms cut in core funding, when authorities face real pressures from things such as an ageing population, pay awards and other inflationary pressures. Therefore, it is vital that we continue to work together to deliver efficiencies and develop more effective ways of delivering services.

I have listened carefully to the case made by Welsh councils that one way in which efficiencies can be realised is through reducing the administrative costs associated with specific grants and to provide greater flexibility to authorities in using these resources to support vulnerable people. On 3 October, I jointly announced, with the Minister for Housing and Regeneration, that we are amalgamating a number of grants and will be establishing a Children and Communities Grant (bringing together seven existing programmes) and a single Housing Support Grant (bringing together a further three programmes) from 1 April 2019. This will increase flexibility for local authorities and help to reduce the administrative burden associated with grant funding.

Further details of the grants for local government will be published alongside the detailed Draft Budget on 23 October.

Attached to this statement is a summary table setting out the settlement allocations by authority. The allocations are derived using the formula agreed with local government. As a result of the formula and related data, the table shows the range of the funding allocations. The inclusion of additional resources to support a floor arrangement benefits five authorities. Six authorities receive an overall increase in their settlement on a like-for-like basis.

Further details on the settlement will be sent to all local authorities and published on the Welsh Government's website:

<https://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2019-20/?lang=en>

I know that authorities will need to make choices in setting their budgets. They will need to engage meaningfully with their local communities as they consider their budget priorities. The setting of budgets, and in turn council tax, is the responsibility of each local authority and authorities will need to take account of the full range of sources of funding available to them, as well as the pressures they face, in setting their budgets for the coming year.

With regard to capital funding, this settlement maintains the general capital funding at £143 million for the next two years. This provides clarity and certainty on future funding for authorities' own capital spending priorities.

In addition, we are providing £60 million over three years for a local authority road refurbishment scheme to help repair the damage caused by a series of hard winters and this summer's heatwave.

This announcement commences the formal six-week consultation on the provisional local government settlement. This will end on 20 November 2018.

## SUMMARY TABLE

**2019-20 Provisional Settlement – comparison of the 2018-19 AEF including top-up funding (adjusted for transfers) and the 2019-20 provisional AEF and top-up funding, and distribution of the 2019-20 Council Tax Reduction Schemes funding (distributed within AEF)**

	£000							
Unitary authority	2018-19 adjusted AEF plus top-up funding <sup>1</sup>	Of which top-up funding	2019-20 provisional AEF	2019-20 top-up funding	2019-20 provisional AEF plus top-up funding <sup>2</sup>	% change on adjusted 2018-19 AEF plus top-up funding	Rank	Council Tax Reduction Schemes (distributed within AEF)
Isle of Anglesey	96,120	0	95,076	83	95,159	-1.0%	18	5,131
Gwynedd	175,631	0	174,303	0	174,303	-0.8%	17	8,829
Conwy	154,017	39	151,964	513	152,477	-1.0%	18	9,030
Denbighshire	143,514	0	142,817	0	142,817	-0.5%	11	9,000
Flintshire	189,714	0	187,599	218	187,817	-1.0%	18	9,578
Wrexham	175,138	0	174,084	0	174,084	-0.6%	14	9,489
Powys	174,503	0	171,779	979	172,758	-1.0%	18	8,208
Ceredigion	101,541	0	101,274	0	101,274	-0.3%	8	5,001
Pembrokeshire	162,247	0	161,656	0	161,656	-0.4%	9	7,385
Carmarthenshire	260,174	0	258,831	0	258,831	-0.5%	13	14,169
Swansea	319,970	0	319,988	0	319,988	0.0%	7	19,081
Neath Port Talbot	212,919	0	213,406	0	213,406	0.2%	4	16,381
Bridgend	192,141	0	190,920	0	190,920	-0.6%	15	13,080
The Vale Of Glamorgan	152,959	0	151,923	0	151,923	-0.7%	16	9,049
Rhondda Cynon Taf	365,177	0	366,380	0	366,380	0.3%	3	21,681
Merthyr Tydfil	90,549	0	90,852	0	90,852	0.3%	2	5,690
Caerphilly	267,986	0	266,680	0	266,680	-0.5%	12	13,021
Blaenau Gwent	110,627	717	110,099	0	110,099	-0.5%	10	8,185
Torfaen	131,914	0	132,065	0	132,065	0.1%	6	8,116
Monmouthshire	93,559	51	91,920	703	92,623	-1.0%	18	5,702
Newport	213,423	0	213,759	0	213,759	0.2%	5	10,216
Cardiff	442,312	0	443,970	0	443,970	0.4%	1	27,979
<b>All Unitary Authorities</b>	<b>4,226,136</b>	<b>807</b>	<b>4,211,345</b>	<b>2,495</b>	<b>4,213,840</b>	<b>-0.3%</b>		<b>244,000</b>

Note: Total may not sum correctly due to rounding

1. 2018-19 AEF adjusted transfers of £12.069m (at 2018-19 prices) into the Settlement and inclusive of £807 thousand of top-up funding provided in 2018-19.

2. 2019-20 Provisional AEF including £2.495m top-up funding.