



WRITTEN STATEMENT BY THE WELSH GOVERNMENT

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

Date **19 December 2018**

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Following the announcement yesterday of the Welsh Government's Final Budget proposals for next year, I am, today, publishing details of the Final Local Government Settlement for 2019-20, setting out the allocations of core revenue funding for each of the 22 county and county borough councils in Wales. The Government has, again, ensured that Local Authorities in Wales are given detailed and firm information on their unhypothecated funding from Welsh Government as soon as possible to support them in planning their services and budgets.

In preparing the final settlement, careful consideration has been given to the responses received to the consultation on the provisional settlement, which closed on 20 November. This announcement provides councils with a robust basis for their financial planning for the coming financial year.

The decisions the Welsh Government has made as part of the overall budget provide local government with a realistic settlement against the background of the current financial climate and one which is improved on the indicative settlement approved in the last budget.

Compared with the provisional settlement announced in October, the final settlement, for 2019-20, includes an additional £23.6 million as a result of the Welsh Government's final budget allocations. This encompasses the additional allocations announced by the Welsh Government on 20 November, along with funding to increase the capital limit for residential care and to deliver local rates relief schemes.

The Welsh Government announcement on 20 November, provided for an additional £13 million for the local government settlement and a commitment to provide an extra £1.2 million of funding to deliver an improved settlement floor, so no authority faces a reduction of more than 0.5% in its core funding allocation over the current year.

As set out in the First Minister's letter to local authority Leaders, this improved package of funding must be matched by a commitment from local authorities to regional working, for example with health boards and the education consortia, to secure improved outcomes and increased resilience, and a re-commitment to the spirit and the letter of the terms and conditions of the Working Group on Local Government.

On 10 December, the Cabinet Secretary for Finance announced an extension of the high streets rate relief scheme in 2019-20, including £2.4m, allocated to local authorities through the local government settlement, to provide additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues.

The Government announced on 18 December a further increase from April 2019 in the amount of the capital people can keep without having to use this to pay for their residential care. This completes the final stage in the delivery of this Government's *Taking Wales Forward* commitment to raise the capital limit in charging for residential care to £50,000 two years ahead of schedule. In addition to the funding provided to date to local government for the previous increases in the limit for the capital limit, this local government settlement includes a further £7 million a year, recurrently, for this change.

These additional allocations mean the final settlement represents a cash increase overall, compared to 2018-19, equivalent to an increase of 0.2% after adjusting for transfers.

This additional funding means that I have been able to further revise the floor arrangements so that no authority now faces a reduction of more than 0.3%, compared with the current year, on a like-for-like basis. This arrangement is fully funded by the Welsh Government and ensures that the five authorities on the funding floor will benefit as a result of these additional allocations.

While the unhypothecated Settlement is the largest single source of funding available to authorities, it is not the only one. In setting their budgets and council tax levels for next year, I expect every authority to take account of all the available funding streams and to consider how to secure best value for Welsh taxpayers through effective and efficient service provision. We offer considerable flexibility to authorities to exercise autonomy and responsibility in managing their finances.

Alongside the settlement, I am publishing the latest information we hold on Welsh Government grant schemes planned for 2019-20. This will assist local authorities in preparing their budgets for next year.

Table 1 sets out the final distribution of Aggregate External Finance (comprising revenue support grant and redistributed non-domestic rates) between the 22 councils for 2019-20.

Local Authorities also need to invest in infrastructure and transformation. The budget announced yesterday provided for an additional £100m capital for local government in Wales, £50m in 2018-19, £30m in 2019-20 and £20m in 2020-21. This is in addition to the capital for highways refurbishment announced in the draft budget. As a result, capital funding for 2019-20 amounts to £541 million. Within this, General Capital Funding for 2019-20 will be £193 million (including £20 million for public highways refurbishment grant) and £183 million in 2020-21

The motion for the National Assembly for Wales to approve the Local Government Finance Report for 2019-20 is scheduled for debate on 15 January 2019.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Assembly returns I would be happy to do so.

Table 1: 2019-20 final settlement – comparison of the 2018-19 AEF including top-up funding (adjusted for transfers and tax-base changes) and the 2019-20 final AEF and top-up funding

	<i>£000s</i>							
Unitary authority	2018-19 adjusted AEF plus top-up funding ¹	Of which top-up funding	2019-20 final AEF	2019-20 top-up funding	2019-20 final AEF plus top-up funding ²	% change on adjusted 2018-19 AEF plus top-up funding	Rank	Council Tax Reduction Schemes (distributed within AEF)
Isle of Anglesey	96,079	0	95,522	269	95,791	-0.3%	18	5,131
Gwynedd	176,927	0	176,552	0	176,552	-0.2%	17	8,829
Conwy	154,656	39	153,501	691	154,192	-0.3%	18	9,030
Denbighshire	143,597	0	143,637	0	143,637	0.0%	10	9,000
Flintshire	189,549	0	188,444	537	188,980	-0.3%	18	9,578
Wrexham	175,360	0	175,252	0	175,252	-0.1%	14	9,489
Powys	174,815	0	173,077	1,214	174,291	-0.3%	18	8,208
Ceredigion	101,816	0	102,091	0	102,091	0.3%	8	5,001
Pembrokeshire	162,177	0	162,448	0	162,448	0.2%	9	7,385
Carmarthenshire	260,367	0	260,388	0	260,388	0.0%	11	14,165
Swansea	320,506	0	322,211	0	322,211	0.5%	7	19,081
Neath Port Talbot	213,240	0	214,796	0	214,796	0.7%	4	16,381
Bridgend	192,065	0	191,807	0	191,807	-0.1%	16	13,080
The Vale Of Glamorgan	152,271	0	152,070	0	152,070	-0.1%	15	9,050
Rhondda Cynon Taf	364,471	0	367,339	0	367,339	0.8%	3	21,681
Merthyr Tydfil	90,575	0	91,304	0	91,304	0.8%	2	5,690
Caerphilly	268,618	0	268,614	0	268,614	0.0%	12	13,021
Blaenau Gwent	110,835	717	110,815	0	110,815	0.0%	13	8,185
Torfaen	131,836	0	132,650	0	132,650	0.6%	5	8,116
Monmouthshire	93,510	51	92,470	759	93,229	-0.3%	18	5,702
Newport	213,035	0	214,343	0	214,343	0.6%	6	10,216
Cardiff	440,830	0	444,629	0	444,629	0.9%	1	27,979
All Unitary Authorities	4,227,136	807	4,233,961	3,470	4,237,431	0.2%		244,000

1. 2018-19 AEF adjusted for latest tax base, transfers of £13.069m into the Settlement and inclusive of £807 thousand of top-up funding provided in 2018-19.

2. 2019-20 Final AEF including £3.47 million thousand top-up funding.