



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Provisional Local Government Settlement 2023-24**
DATE **14 December 2022**
BY **Rebecca Evans MS, Minister for Finance and Local Government**

Today, I am publishing details of the core funding allocations for local authorities for the forthcoming financial year through the Provisional Local Government Revenue and Capital Settlements for 2023-24 (the Settlement), along with the Wales-level indicative core funding allocation for 2024-25.

Adjusting for transfers, the core revenue funding for local government in 2023-24 will increase by 7.9% on a like-for-like basis compared to the current year. No authority will receive less than a 6.5% increase. In 2023-24, local authorities will receive £5.5bn from the Welsh Government in Revenue Support Grant (RSG) and non-domestic rates (NDR) to spend on delivering key services.

In addition to this, I am publishing information on revenue and capital grants planned for the following two years. For 2023-24, these amount to over £1.3bn for revenue and over £925m for capital. We are providing these indicative grant values now so local authorities are able to plan their budgets efficiently. This information will be further updated in the final settlement.

The indicative Wales-level core revenue funding allocation for 2024-25 is £5.69bn – equating to an uplift of £169m (3.1%). This figure is indicative and dependent on both our current estimates of NDR income and any 2024-25 UK budgets.

As in recent years, this Government's priorities continue to be health and local government services. In making decisions about the level of funding for local government I have responded to the need to support key front-line services. In particular I have included funding to enable authorities to continue to meet the additional costs of introducing the Real Living Wage for care workers and to support pressures in education. I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2023/24 teachers' pay deal. Authorities' budget planning must therefore accommodate these costs.

I know local government has been facing significant pressures and has sought to recognise the impact of inflation on the living standards of those who work in local government as well as the broader community. I hope that this increased Settlement enables local authorities to

continue to deliver the services communities need as well as supporting national and local ambitions for the future.

This Settlement provides local authorities with a stable platform on which to plan their budgets for the coming financial year and beyond. We have worked closely with local government, and we appreciate the pressures local government is facing. I will continue to engage closely with local government through the WLGA.

Alongside the Settlement, we are continuing to provide funding to support local government to waive fees for child burials. This shared commitment ensures a fair and consistent approach across Wales.

In line with our focus on countering the effects of poverty, we remain 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 2023-24 and are again providing £244m for CTRS in the Settlement in recognition of this.

As announced on 12 December, I am providing a package of non-domestic rates support worth more than £460m over the next two financial years. I am maintaining the approach taken in previous years and freezing the non-domestic rates multiplier for 2023-24. This ensures there will again be no inflationary increase in the amount of rates businesses and other ratepayers are paying.

I am also introducing a £113m, fully funded, transitional relief for all ratepayers whose bills increase by more than £300 following the UK-wide revaluation exercise, which takes effect on 1 April 2023.

Finally, the NDR support package also provides over £140m of non-domestic rates relief for retail, leisure, and hospitality businesses in Wales. Eligible ratepayers will receive 75% non-domestic rates relief for the duration of 2023-24, capped at £110,000 per business across Wales. Our approach means that businesses in Wales will receive comparable support to that provided in other parts of the UK.

I set out the position on capital funding for the Welsh Government as part of my budget statement on Tuesday. The settlement we received from the UK Government was disappointing and is not sufficient to meet our ambitions to invest in Wales' future, with our overall capital budget 8.1% lower in real terms than the current year.

Following a review of our capital budgets, general capital funding for local government for 2023-24 has been confirmed at £180m and will remain at £180m for 2024-25. Even as we meet the challenges posed by inflation, we must not lose sight of the need to maintain our focus on responding to the climate and nature emergency and contributing to the Net Zero Wales plan we have developed together. Separately I am providing £20 million capital in each year to enable authorities to respond to our joint priority of decarbonisation.

Attached to this statement is a summary table setting out the Settlement allocations (Aggregate External Finance (AEF)) 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, from a 6.5% increase over the 2022-23 settlement to a 9.3% increase. Given the significant increases, I am not proposing to include a floor this year and have allocated all the available funding in this Settlement.

Further details will be sent to all local authorities and published on the Welsh Government's website: <https://gov.wales/local-government-revenue-and-capital-settlement-2023-2024>

While this is a relatively good Settlement, building on improved allocations in recent years, I recognise that the rates of inflation we have experienced over the last few months and the forecasts from the OBR of continuing significant levels of inflation means that local government will still need to make difficult decisions in setting their budgets. It is important they engage meaningfully with their local communities as they consider priorities for the forthcoming year.

The setting of budgets, and in turn council tax, is the responsibility of each local authority. Authorities will need to take account of the full range of funding sources available to them, as well as the pressures they face, in setting their budgets for the coming year.

This announcement commences the formal seven-week consultation on the Settlement. This will end on 2 February 2023.

Summary Table

2023-24 provisional Settlement – comparison of 2022-23 AEF (adjusted for transfers) and 2023-24 provisional AEF, and distribution of the 2022-23 Council Tax Reduction Schemes funding (distributed within AEF) (£000s)

	<i>£000s</i>				
Unitary authority	Adjusted 2022-23 final AEF*	2023-24 provisional AEF	Change (£000)	Change (%)	Rank
Isle of Anglesey	114,490	123,555	9,064	7.9%	12
Gwynedd	213,017	227,843	14,826	7.0%	19
Conwy	184,915	198,413	13,498	7.3%	16
Denbighshire	173,596	187,871	14,275	8.2%	10
Flintshire	232,336	251,747	19,410	8.4%	8
Wrexham	207,279	224,621	17,342	8.4%	7
Powys	210,090	228,388	18,298	8.7%	5
Ceredigion	119,238	129,050	9,812	8.2%	9
Pembrokeshire	196,776	212,415	15,639	7.9%	11
Carmarthenshire	311,585	338,017	26,432	8.5%	6
Swansea	388,409	417,775	29,366	7.6%	14
Neath Port Talbot	258,174	276,397	18,223	7.1%	17
Bridgend	232,109	249,895	17,786	7.7%	13
The Vale Of Glamorgan	185,931	202,535	16,604	8.9%	3
Rhondda Cynon Taf	441,596	470,847	29,251	6.6%	21
Merthyr Tydfil	110,704	118,497	7,793	7.0%	18
Caerphilly	317,789	339,610	21,821	6.9%	20
Blaenau Gwent	131,057	139,597	8,540	6.5%	22
Torfaen	160,218	172,223	12,005	7.5%	15
Monmouthshire	112,020	122,490	10,470	9.3%	1
Newport	265,502	289,211	23,709	8.9%	4
Cardiff	543,810	592,891	49,081	9.0%	2
Total Unitary Authorities	5,110,643	5,513,888	403,245	7.9%	

Note: Total may not sum correctly due to rounding

1. 2023-24 AEF adjusted transfers of £3.040m (at 2022-23 prices) into and out of the Settlement and for the latest 2023-24 tax base.