# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

**TITLE Final Local Government Settlement 2024-25**

**DATE 27 February 2024**

 **BY Rebecca Evans MS, Minister for Finance and Local Government**

# Following the publication of the Welsh Government’s Final Budget 2024-25, I am publishing details of the core funding allocations for local authorities for the next financial year through the final local government revenue and capital settlements for 2024-25.

In preparing the final settlement, I have given careful consideration to the responses I received to the consultation on the provisional settlement, which closed on 31 January. The responses did not identify any specific matters which required a change of approach in distributing the final settlement. I acknowledge the considerable financial pressures faced by local authorities.

As we have developed the 2024-25 Final Budget, we have prioritised protecting core frontline public services as far as possible; supporting the hardest hit households and prioritising jobs, where we can. I have used additional funding allocations for Wales, received as a consequence of UK Government spending decisions in devolved areas in England, to increase the local government settlement by £14.4m. I am also reversing a £10m reduction to the social workforce grant for 2024-25. This reflects the importance of these core public services and responds to calls from local authority Leaders and Senedd Members to prioritise local government if further resources became available.

Adjusting for transfers, the core revenue funding for local government in 2024-25 will increase by 3.3% on a like-for-like basis compared to 2023-24. No authority will receive less than an 2.3% increase. In 2024-25, local authorities will receive £5.72bn from the Welsh Government Revenue Support Grant (RSG) and non-domestic rates (NDR) to deliver key services.

A summary table setting out the settlement allocations (Aggregate External Finance (AEF)) by authority is attached to this written statement. The allocations are derived using the formula agreed with local government.

In addition to the core settlement, I am publishing information about specific revenue and capital grants planned for 2024-25, which amount to more than £1.3bn for revenue and more than £956m for capital.

As part of our Programme of Government we are committed to reducing the bureaucratic burden on local government. Local authorities have highlighted grants management and administration as the area with the greatest opportunity for change. Work is underway to reduce the number of separate grants paid to local authorities, and to consider moving grants into the de-hypothecated settlement if the wider context makes this appropriate. We will continue with this work, but in 2024-25, £6.6m of revenue grants have been transferred into the RSG.

Further details will be sent to all local authorities and published on the [Welsh Government’s website](https://www.gov.wales/local-government-revenue-and-capital-settlement-2024-2025).

I am providing a package of non-domestic rates support which will benefit every ratepayer in Wales. I confirmed this package as part of the Draft Budget. We will cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost of £18m. This is lower than the 6.7% increase that would otherwise apply. We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. We also continue to support ratepayers with increased liabilities following the 2023 non-domestic rates revaluation. Our transitional relief scheme continues to phase in changes for eligible ratepayers at a cost of £38m in 2024‑25. This is in addition to our permanent rate relief schemes.

I have maintained the general capital funding for local authorities at £180m – the indicative level that was set last year. With soaring inflationary costs in the construction sector, I know this will mean local authorities will have to carefully prioritise their capital programmes. I have also continued to provide £20m in each year to enable authorities to respond to our joint priority of decarbonisation, to continue the focus on contributing to the Net Zero Wales plan.

The setting of budgets, and in turn council tax, is the responsibility of each local authority. They 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.

We have worked closely with local government throughout the year and I understand the pressures local government is facing. I am proud of the working relationship Welsh Government and local government have in Wales and we will continue to engage closely through the Welsh Local Government Association.

# The motion for the Senedd to approve the Local Government Finance Report (No.1) for 2024-25 is scheduled for debate on 5 March 2024.

# Summary Table

# 2024-25 Final AEF compared to 2023-24 adjusted final AEF

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Unitary Authority** | **2023-24 Final Aggregate External Finance1**  | **2024-25 Final Aggregate External Finance** | **Change (£000)** | **% change** | **Rank** |
| Isle of Anglesey  | 124,147 | 127,586 | 3,439 | 2.8% | 17 |
| Gwynedd | 228,180 | 233,317 | 5,136 | 2.3% | 22 |
| Conwy | 199,025 | 203,526 | 4,501 | 2.3% | 21 |
| Denbighshire | 193,351 | 200,795 | 7,443 | 3.8% | 4 |
| Flintshire | 252,255 | 258,527 | 6,273 | 2.5% | 20 |
| Wrexham  | 225,021 | 232,865 | 7,843 | 3.5% | 8 |
| Powys | 228,852 | 235,865 | 7,013 | 3.1% | 11 |
| Ceredigion | 131,569 | 135,286 | 3,717 | 2.8% | 14 |
| Pembrokeshire | 212,918 | 218,870 | 5,952 | 2.8% | 16 |
| Carmarthenshire | 338,755 | 350,646 | 11,892 | 3.5% | 7 |
| Swansea  | 417,919 | 435,021 | 17,102 | 4.1% | 3 |
| Neath Port Talbot  | 277,211 | 285,594 | 8,383 | 3.0% | 12 |
| Bridgend  | 250,853 | 258,925 | 8,071 | 3.2% | 10 |
| The Vale of Glamorgan | 202,925 | 209,781 | 6,856 | 3.4% | 9 |
| Rhondda Cynon Taf | 471,369 | 485,567 | 14,198 | 3.0% | 13 |
| Merthyr Tydfil | 119,170 | 123,492 | 4,322 | 3.6% | 5 |
| Caerphilly | 340,339 | 348,864 | 8,524 | 2.5% | 19 |
| Blaenau Gwent | 140,094 | 144,044 | 3,949 | 2.8% | 15 |
| Torfaen | 172,572 | 178,733 | 6,160 | 3.6% | 6 |
| Monmouthshire | 122,844 | 126,019 | 3,175 | 2.6% | 18 |
| Newport | 289,622 | 304,045 | 14,423 | 5.0% | 1 |
| Cardiff | 597,291 | 623,158 | 25,866 | 4.3% | 2 |
| **Total unitary authorities**  | **5,536,285** | **5,720,524** | **184,239** | **3.3%** |   |

Note: Total may not sum correctly due to rounding

1. 2023-24 AEF adjusted for the latest 2024-25 tax base and transfers.