# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

**TITLE Local Government Funding Formula – the Distribution Sub-Group’s Work Programme**

**DATE 19 March 2024**

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

Funding for local government is a significant part of the Welsh Government’s overall budget, reflecting the importance we place on the essential services local authorities provide to people across Wales. As Members are aware, the majority of revenue support provided by the Welsh Government is made via the annual local government revenue settlement – in 2024-25, it will provide more than £5.72bn to Wales’ 22 local authorities. This funding is un-hypothecated, ensuring local authorities have the flexibility they need to respond to local pressures and priorities. It is delivered via a formula designed to reflect the relative need of each local authority and its local tax-raising ability.

As I said during the debates on local government funding earlier this year, I am committed to improving the transparency of the ongoing development of the local government funding formula. I recognise the formula is complex – my officials, together with the Welsh Local Government Association’s (WLGA) officers, have been strengthening efforts to communicate how the settlement is derived by offering more information sessions to locally-elected members and officers and to the Society of Welsh Treasurers. My officials also deliver an annual information session on the formula to Senedd Members.

Work on the formula development and maintenance is delivered in partnership with local government through officers of the Distribution Sub-Group, overseen by the Welsh Government and local government leaders through the Finance Sub-Group of the Partnership Council for Wales. The minutes of these groups are routinely published. I am also publishing today the annual [work programme of the Distribution Sub-Group for 2024](https://www.gov.wales/distribution-sub-group-work-programme-2024), as agreed by the Finance Sub-Group this month.

The Finance Sub-Group confirmed local government’s commitment to the ongoing review and joint development of the formula. I am pleased the work programme for 2024 demonstrates that key components of the formula relating to schools and social care are earmarked for discussion this year.

It may also be helpful to highlight the information which [has been published for many years](https://www.gov.wales/local-government-revenue-and-capital-settlement-2024-2025), through the Local Government Finance report (which is laid before the Senedd). This contains much of the detail behind the settlement, such as the basis of calculations for the components of the revenue support grant, non-domestic rates and standard spending assessments (SSA), together with the indicators and values used in the calculations.

In addition to this, a comprehensive record of each year’s formula is published in a Green Book. As part of improving the transparency and understanding of this important aspect of local government funding, the structure of the Green Book from 2021-22 onwards was improved significantly in terms of accessibility and the amount of information contained within it. There are separate workbooks detailing the indicators and services indicator-based assessments together with the formulae for calculating the SSA for the main areas of local service provision.

Raising awareness and understanding of the formula and its continual maintenance is an ongoing process. Improved understanding is necessary to support appropriate scrutiny and development, within local government and the Senedd. WLGA officers and my officials will continue to do all we can to promote understanding on an ongoing basis.