# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Provisional Local Government Settlement 2020-21** |
| **DATE** | **16 December 2019** |
| **BY** | **Julie James AM, Minister for Housing and Local Government** |

Today I am publishing details of the core funding allocations for local authorities for the forthcoming financial year through the 2020-21 Provisional Local Government Revenue and Capital Settlements.

Adjusting for transfers, the core revenue funding for local government in 2020-21 will increase by 4.3% on a like-for-like basis compared to the current year. In 2020-21, local authorities will receive nearly £4.5 billion from the Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services.

In addition to this, I am publishing information on revenue and capital grants planned for 2020-21. These amount to nearly £1 billion for revenue and over £640 million for capital. The Government is providing these indicative grant values and distributions now so that local authorities are able to plan their budgets efficiently. This information will be further updated for the final settlement.

While funding other than specific grants is unhypothecated and therefore for local authorities to determine, the Government has recognised in this settlement the specific and unavoidable additional costs arising from the UK Government’s announced changes to employer pension contributions. We have provided funding for these, for additional costs arising from the 2019/20 teachers’ pay deal for the remainder of the academic year and, beyond this, in recognition of the future impact of teachers’ pay awards which will come into effect from September 2020.

In line with the Government’s 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 2020-21 and are again providing £244 million for CTRS in the local government settlement in recognition of this.

We are also continuing to provide funding for our proposals for new eligibility criteria for free school meals, given the continued rollout of Universal Credit by the UK Government. This will continue to support local authorities in meeting the costs associated with our proposed threshold and transitional protection measures.

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

The settlement includes an additional £2.4 million, on top of that provided through the 2019-20 settlement, for authorities to provide additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues

This settlement provides local government with the most stable platform I can offer for planning budgets for the forthcoming financial year. I fully appreciate the pressures local government continues to face following a decade of austerity. This good settlement responds to the pressures that local government had been anticipating and offers an opportunity to plan for the future.

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, from a 3% increase over the 2019-20 settlement to a 5.4% increase.

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

[https://gov.wales/local-government-revenue-and-capital-settlement-2020-2021](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fgov.wales%2Flocal-government-revenue-and-capital-settlement-2020-2021&data=02%7C01%7CSimon.Edwards2%40gov.wales%7C138646326da6462eea1508d7774091a2%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C0%7C637108991506764178&sdata=8bT1SjhCYqKKxqVuQGfNrANf5J7hde8K9VJ6G0D7Lvo%3D&reserved=0)

I have given careful consideration to the potential of including a funding floor for this settlement. Given that every authority will see an increase of at least 3% over 2019-20 on a like-for-like basis, I have concluded that a funding floor is not necessary in this particular instance. This will also enable us to reset the settlement base and fund authorities according to relative need, and not to make up for the implementation of historic floors.

The total capital grants include the final of three instalments of £20 million for highways refurbishment schemes. They also provides £178 million of general capital funding – an increase of £15 million over that announced in the Final Budget last year. This increase smooths the funding profile and will support stable capital programme planning. I hope that this additional funding will enable local government to start to respond to the urgent need to decarbonise, in light of the climate emergency declared by the Welsh Government and many councils over the past year.

In my discussions with local government, many authorities have expressed a shared commitment to the need to invest in the supply of housing. Investing in social housing should help to minimise the pressures on local authority budgets and on homelessness services. Investment in housing can also support the Welsh economy and local economies. I hope that this settlement, capital and revenue, can support them in increasing the scale and pace of housebuilding across Wales.

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.

This announcement commences the formal seven-week consultation on the provisional local government settlement. This will end on 3 February 2020.

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.

**SUMMARY TABLE**

**2020-21 provisional settlement – comparison of 2019-20 AEF including floor funding (adjusted for transfers) and the 2020-21 provisional AEF, and distribution of the 2020-21 Council Tax Reduction Schemes funding (distributed within AEF)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  | ***£000s*** |
| **Unitary authority** |  | **2019-20**  **adjusted AEF plus floor funding1** |  | **Of which floor funding** |  | **2020-21 provisional AEF** |  | **% change on adjusted 2019-20 AEF plus floor funding** |  | **Rank** |  | **Council Tax Reduction Schemes (within AEF)** |
| Isle of Anglesey |  | 97,324 |  | 269 |  | 101,005 |  | 3.8% |  | 18 |  | 5,037 |
| Gwynedd |  | 179,375 |  | 0 |  | 187,579 |  | 4.6% |  | 6 |  | 8,728 |
| Conwy |  | 156,064 |  | 691 |  | 161,398 |  | 3.4% |  | 21 |  | 8,964 |
| Denbighshire |  | 145,713 |  | 0 |  | 151,932 |  | 4.3% |  | 11 |  | 8,935 |
| Flintshire |  | 192,212 |  | 537 |  | 199,386 |  | 3.7% |  | 19 |  | 9,463 |
| Wrexham |  | 178,121 |  | 0 |  | 184,296 |  | 3.5% |  | 20 |  | 9,298 |
| Powys |  | 176,940 |  | 1,214 |  | 184,289 |  | 4.2% |  | 14 |  | 8,349 |
| Ceredigion |  | 103,308 |  | 0 |  | 107,646 |  | 4.2% |  | 13 |  | 5,061 |
| Pembrokeshire |  | 164,153 |  | 0 |  | 172,204 |  | 4.9% |  | 3 |  | 7,984 |
| Carmarthenshire |  | 262,611 |  | 0 |  | 274,159 |  | 4.4% |  | 10 |  | 14,134 |
| Swansea |  | 325,697 |  | 0 |  | 339,381 |  | 4.2% |  | 12 |  | 19,012 |
| Neath Port Talbot |  | 217,091 |  | 0 |  | 226,762 |  | 4.5% |  | 8 |  | 16,201 |
| Bridgend |  | 193,949 |  | 0 |  | 203,127 |  | 4.7% |  | 5 |  | 13,184 |
| The Vale Of Glamorgan |  | 153,453 |  | 0 |  | 161,021 |  | 4.9% |  | 2 |  | 9,053 |
| Rhondda Cynon Taf |  | 372,105 |  | 0 |  | 388,666 |  | 4.5% |  | 9 |  | 21,564 |
| Merthyr Tydfil |  | 92,332 |  | 0 |  | 96,810 |  | 4.8% |  | 4 |  | 5,611 |
| Caerphilly |  | 272,212 |  | 0 |  | 283,367 |  | 4.1% |  | 16 |  | 12,916 |
| Blaenau Gwent |  | 111,727 |  | 0 |  | 116,063 |  | 3.9% |  | 17 |  | 8,079 |
| Torfaen |  | 134,373 |  | 0 |  | 140,467 |  | 4.5% |  | 7 |  | 8,234 |
| Monmouthshire |  | 94,896 |  | 759 |  | 97,760 |  | 3.0% |  | 22 |  | 5,766 |
| Newport |  | 216,443 |  | 0 |  | 228,077 |  | 5.4% |  | 1 |  | 10,212 |
| Cardiff |  | 450,512 |  | 0 |  | 469,047 |  | 4.1% |  | 15 |  | 28,215 |
| **All Unitary Authorities** |  | **4,290,612** |  | **3,470** |  | **4,474,444** |  | **4.3%** |  |  |  | **244,000** |

Note: Total may not sum correctly due to rounding

1. 2019-20 AEF adjusted transfers of £53.181m (at 2019-20 prices) into the Settlement and inclusive of £3.47m of floor funding provided in 2019-20