

Mark Drakeford AM/AC
Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-P/MD/3261/17

To:
Leaders of County and County Borough Councils in Wales

Copied to:
Chief Executives and Directors of Finance, County and County Borough Councils in Wales
Chief Executive and Director of Finance, Welsh Local Government Association

10 October 2017

Dear colleague,

Today I am announcing details of the Provisional Local Government Revenue and Capital Settlements for 2018-19 for county and county borough councils in Wales through a Cabinet Written Statement. This is attached for your information.

This announcement outlines my intention to set local government revenue funding for 2018-19 at £4.186 billion. This means, after adjusting for transfers, overall core funding for local government in 2018-19 will reduce by 0.5 per cent on a like-for-like basis compared to the current year. The indicative settlement for the following year is a further reduction of 1.5 per cent.

Within the settlement I am prioritising funding for essential public services such as education and social care. Increasing the school element of the settlement by £62 million in 2018-19 ensures that the assumed Welsh Government share of core spending on schools is maintained at the level of 2017-18. In 2019-20 this rises to £108 million, reflecting our commitment to continue to invest in education and to prioritise schools funding within a tighter overall settlement.

For social care I am increasing that element of the settlement by £42 million in 2018-19. This means the assumed Welsh Government share of core spending on social care is maintained at the level of 2017-18. In 2019-20 this will increase to £73 million, reflecting, even within a tighter overall settlement, our recognition of the need to invest in social care.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

In line with my commitment consider a funded floor, I have provided £1.77 million of funding to ensure that no authority sees a reduction of greater than 1.0 per cent compared to its 2017-18 allocation and top-up funding.

This settlement includes over £90 million of funding which is being provided in the current year as specific grants. Included within this are £30 million of social care grants, the £27 million provided currently for the Independent Living Grant and £35 million of the Single Revenue Grant. Furthermore it includes an additional £6 million for homelessness prevention, on top of the £6 million we provided in 2017-18.

The non-hypothecated general capital funding for 2018-19 will be maintained at £143 million over the next three years.

The draft *Local Government Finance Report* and additional tables containing details of the provisional settlement by individual authority are also being published on the Welsh Government website. These tables include the individual authority allocations of Aggregate External Finance (AEF), comprising Revenue Support Grant (RSG) and redistributed Non-Domestic Rates (NDR).

The provisional settlement draws on the tax-base figures for 2017-18. Updated information will be available for the final settlement based on authorities' CT1 returns for 2018-19.

In line with the two-stage approach to publication of the Welsh Government Budget, I will be publishing on our website the available information on revenue and capital grants which are planned for 2018-19 on 24 October. This information will be further updated for the final settlement.

My announcement today launches a 6-week period of formal consultation on the provisional local government settlement for 2018-19. I would be grateful if you could ensure your response arrives no later than **Tuesday, 21 November 2017**. All responses to this consultation should be sent to:

Simon Edwards
Local Government Funding Policy Branch
Welsh Government, Cathays Park, Cardiff, CF10 3NQ.
Or email: LocalGovernmentSettlement@gov.wales.

Comments are invited about the effects (whether positive or adverse) the proposed settlement would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language. In addition, we invite comments on whether the proposed settlement could be formulated or revised to have positive effects, or decreased adverse effects, on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

The Welsh Government intends to publish a summary of the responses. Normally, the name and address (or part of the address) of each respondent are published along with the response. If you do not wish to be identified as the author of your response, please ensure you state this explicitly in your response.

Copies of responses may be placed in the Welsh Government's library. If you wish your comments to remain confidential, please make this clear in your reply. This will be considered in light of our obligations under the Freedom of Information Act. The Welsh Government will consider all responses received by the due date before the final determination is made and published.

Local authorities are reminded of the requirement to comply with the general equality duties set out in the Equality Act 2010, and also the specific equality duties where applicable. The equality impacts of budgetary options should be assessed and inform any final decisions.

Authorities also need to take account of your duties under the Well-being of Future Generations (Wales) Act 2015 and the Welsh language standards in preparing plans for 2018-19.

This provisional settlement provides you with the information you need to plan your budgets for 2018-19. I strongly encourage you to consider how best you engage with your local communities in formulating your proposals and making budget decisions.

Best wishes,

Mark.

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