Dear Colleagues

Today I am announcing details of the Final Local Government Revenue and Capital Settlements for 2019-20 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 core revenue funding for 2019-20 at £4.237 billion. This means, after adjusting for transfers, overall core funding for local government in 2019-20 will increase by 0.2 per cent on a like-for-like basis compared to the current year.

The responses to the consultation on the provisional settlement have been carefully considered before determining the final settlement. The responses did not identify any matters which required a change of approach for the final settlement.

Compared with the provisional settlement announced on 9 October, the final settlement includes an additional £23.6 million. This comprises an additional £13 million allocated to local government through the final budget published on 18 December. It also includes a further £7 million a year, recurrently, to support the increase to the capital limit in charging for residential care to £50,000, commencing from April 2019. Also included is an additional £2.4 million funding to local authorities, for them to provide additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues.

In light of the additional resources included in the final settlement, I have revisited the funding floor announced in October and have provided £3.47 million of funding to ensure that no authority sees a reduction of greater than 0.3 per cent compared to its 2018-19 allocation and top-up funding.

19 December 2018
The non-hypothecated general capital funding for 2019-20 will be £193 million (including £20 million for public highways refurbishment grant) and £183 million in 2020-21, in-line with the Government’s announcement to boost the capital funding available to local authorities in Wales by a further £100m over three years.

As set out in the First Minister’s letter to local authority Leaders, there is an expectation that the improved package of funding announced by the Welsh Government on 20 November must be matched by a commitment from local authorities to regional working, for example with health boards and the education consortia, to secure improved outcomes and increased resilience, and a re-commitment to the spirit and the letter of the terms and conditions of the Working Group on Local Government.

Full details of the final settlement including The Local Government Finance Report and additional tables are being published on the Welsh Government website. This information, together with the details I am making available on the revenue and capital grants to be provided to local government, gives you the information you need to set your budgets and council tax levels for 2019-20.

I would like to remind you of the requirement on every authority 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. You 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 your plans for 2019-20.

This final settlement provides you with the information you need to plan your budgets and services for 2019-20 as part of your medium term financial plans. The Welsh Government’s ongoing provision of information on provisional and final settlements in good time, and significantly ahead of the position in England, should also help you engage meaningfully with your local communities in your proposals and budget decisions.


Julie James
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government