

Alun Davies AC/AM
Ysgrifennydd y Cabinet dros Lywodraeth Leol a
Gwasanaethau Cyhoeddus
Cabinet Secretary for Local Government and Public
Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-P/ARD/3308/18

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

9 October 2018

Dear Colleagues

Today I am announcing details of the Provisional 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 revenue funding for 2019-20 at £4.214 billion. This means, after adjusting for transfers, overall core funding for local government in 2019-20 will reduce by 0.3 per cent on a like-for-like basis compared to the current year.

Within this settlement, we have provided funding for additional costs arising from changes by the UK Government through the teachers' pay award, and to reflect the importance of local government's role in the health and social care system. We are also providing funding for our proposals for new eligibility criteria for free school meals given the continued rollout of Universal Credit by the UK Government.

In line with my commitment to consider a funded floor, I have provided £2.5 million of funding to ensure that no authority sees a reduction of greater than 1.0 per cent compared to its 2018-19 allocation and top-up funding.

The non-hypothecated general capital funding for 2019-20 will be maintained at £143 million over the next two years.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Alun.Davies@llyw.cymru
Correspondence.Alun.Davies@gov.wales

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.

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 2018-19. Updated information will be available for the final settlement based on authorities' CT1 returns for 2019-20.

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 2019-20 on 23 October. This information will be further updated for the final settlement. As I and the Cabinet Secretary for Finance have made clear in discussions through the Finance sub Group and the WLGA Council, we recognise the pressures local authorities are facing and will continue to do all that we can to shield them from the worst effects of austerity. Following the UK Autumn Budget on 29 October, Local Government is the Government's priority for additional funding in the event of additional resources being made available to the Welsh Government.

My announcement today launches a 6-week period of formal consultation on the provisional local government settlement for 2019-20. I would be grateful if you could ensure your response arrives no later than **Tuesday, 20 November 2018**. All responses to this consultation should be sent to:

Simon Edwards
Local Government Finance and Workforce Partnerships Division
Welsh Government, Cathays Park, Cardiff, CF10 3NQ.
Or email: LGFPSettlement@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 2019-20.

This provisional settlement provides you with the information you need to plan your budgets for 2019-20. I strongly encourage you to consider how best you engage with your local communities in formulating your proposals and making budget decisions.

A handwritten signature in black ink, appearing to read 'Alun', with a horizontal line underneath it.

Alun Davies AC/AM

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Gwasanaethau Cyhoeddus
Cabinet Secretary for Local Government and Public Services