# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Draft Budget 2019-20 – Proposals for additional funding for local authorities** |
| **DATE**  | **20 November 2018** |
| **BY** | **Mark Drakeford AM, Cabinet Secretary for Finance**  |

In preparing the draft Budget 2019-20, the Cabinet recognised the real pressures local authorities are facing and were resolute in our commitment to do all we could to protect them from the worst effects of the UK Government’s damaging policy of austerity as we entered this ninth year of austerity.

When the National Assembly passed the final Budget 2018-19, in January 2018, local authorities were facing a 1% reduction in the revenue support grant (RSG) for 2019-20 – this was equivalent to a cash reduction of £43m.

We worked hard during the preparation of the draft Budget 2019-20 to reduce that cut in funding in the RSG to less than £15m (equivalent to a reduction of 0.3% in the RSG). We also put in place a floor to ensure no authority would face a reduction in funding of more than 1%.

The draft Budget also provided £84m of additional revenue in special grants and other funding streams for local government outside the RSG.

This was still a challenging settlement overall for local authorities and we committed to local government being a key priority for any additional funding following the UK Autumn Budget last month. Local government has been at the heart of our considerations as we have worked through the detail of the UK Autumn Budget on our spending proposals over the last few weeks.

Today, I can confirm a package of additional funding proposals for local government, which will be included in the final Budget.

In 2018-19:

* A one-off package of revenue and capital of up to £6m to help to meet the repair and clean-up costs associated with Storm Callum;
* An extra £4m revenue to meet social care pressures in 2018-19. This brings the extra funding for social care pressures to £14m this autumn – the full consequential from the “emergency” social care funding announced for England in the UK Autumn Budget;
* £7.5m revenue to help local authorities meet the cost pressures associated with implementing the teachers’ pay award; and
* An extra £50m capital for local authorities’ general capital fund – this is the first instalment of a £100m increase over three years to the general capital fund.

In 2019-20:

* An additional £13m in the revenue support grant to provide local government with a cash flat settlement;
* £1.2m to raise the funding floor so no local authority faces a reduction of more than 0.5%;
* A further £7.5m to help local authorities meet the cost pressures associated with implementing the teachers’ pay award;
* Allocating the full £2.3m consequential from the UK Autumn Budget for children’s social services – to help prevent children from being taken into care; and
* An extra £30m capital for the local authorities’ general capital fund – this is the second instalment of a £100m increase over three years to the general capital fund.

In 2020-21:

* An extra £20m capital for the local authorities’ general capital fund – this is the third instalment of a £100m increase over three years to the general capital fund.

Together, these measures represent a package worth an extra £141.5m in revenue and capital for local government over three years (2018-19 to 2020-21).

We will also:

* Continue discussions with local government to take forward a new housing investment fund to unlock largescale sites for development with a combination of capital and financial transactions capital of up to £15m;
* Increase the Welsh Government’s intervention rate for capital schemes under the Band B of the 21st Century Schools and Education Programme; and
* Write jointly with the WLGA to the Chancellor to repeat our calls for the UK Government to fully fund the increased costs to employers associated with changes to pensions.

The additional proposed package for local government for 2019-20 and 2020-21 will be reflected in the final Budget 2019-20, which will be published on 18 December and is subject to agreement by the National Assembly.