# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

**TITLE Final Local Government Settlement 2023-24**

**DATE 28 February 2023**

**BY Rebecca Evans MS, Minister for Finance and Local Government**

# Following today’s announcement of the Welsh Government’s Final Budget, I am publishing details of the core funding allocations for local authorities for the forthcoming financial year through the [Final Local Government Revenue and Capital Settlements for 2023-24](https://www.gov.wales/local-government-revenue-and-capital-settlement-2023-2024) (the Settlement). This includes Wales-level indicative core funding allocations for 2024-25.

In preparing the Final Settlement, I have given careful consideration to the responses I received to the consultation on the provisional settlement, which closed on 2 February. The responses did not identify any matters which required a change of approach for the Final Settlement. In responding to the consultation Local Government welcomed the positive increase in the Settlement whilst acknowledging the impact continuing high levels of inflation will have on local authority decisions on budgets and services.

Adjusting for transfers, the core revenue funding for local government in 2023-24 will increase by 7.9% on a like-for-like basis compared to the current year. No authority will receive less than a 6.5% increase. In 2023-24, local authorities will receive £5.5bn from the Welsh Government in Revenue Support Grant (RSG) and non-domestic rates (NDR) to spend on delivering key services.

In addition to this, I am publishing information on revenue and capital grants planned for the following two years. For 2023-24, these amount to over £1.4bn for revenue and over £989m for capital. We provide this information on indicative grant values at provisional and final settlements to aid local authorities in planning their budgets and to support transparency. For 2024-25 indicative specific grant funding is over £1.2bn for revenue and over £1bn for capital. Alongside the Settlement, we are continuing to provide funding to support local government to waive fees for child burials. This shared commitment ensures a fair and consistent approach across Wales.

The indicative Wales-level core revenue funding allocation for 2024-25 is £5.69bn – equating to an uplift of £169m (3.1%). This figure is indicative and dependent on both our current estimates of NDR income and any 2024-25 UK budgets. Provision of indicative funding is intended to support local government in their planning. I will continue to engage with local government on ongoing pressures through our standing Finance Sub-Group (FSG) of the statutory Partnership Council for Wales. This will include consideration of financial pressures throughout the year and during the run up to the determination of the next Welsh budget. Specific discussions on local authority services will also take place between relevant ministers and the WLGA both through these groups and via bilateral portfolio arrangements.

A longer planning horizon would clearly be preferable and I will continue to press the UK Government for greater financial certainty through the available channels, including through the Finance: Interministerial Standing Committee (F:ISC) and bilateral meetings with the Chief Secretary to the Treasury.

In making decisions about the level of funding for local government I have responded to the need to support key front-line services. I have included funding to enable authorities to continue to meet the additional costs of introducing the Real Living Wage for care workers and to support pressures in education. I have again taken the decision to provide all the available funding up front. I have not held back funding for in-year recognition of the 2023/24 teachers’ pay deal and authorities must therefore make prudent assumptions as part of their budget planning on this as well as for their other staff. Discussions are continuing with the Teaching Unions over agreement on the 2022/2023 academic year pay negotiations and I will continue to discuss with the WLGA the implications of this for local government for the financial year 2023-24.

NDR are an important element of the funding for local government. On the 28th of February the Senedd approved the regulations to freeze the multiplier for 2023-24. This means it will remain at the level set since 2020-21. This ensures the amount of rates businesses and other ratepayers are paying will be lower than it would otherwise be. The freeze is fully funded by the Welsh Government. We are investing over £100m annually to cover the cost, so there will be no impact on the funding provided for local services, while maintaining a stable stream of tax revenue for local services.

I am also introducing a £113m, fully funded, transitional relief for all ratepayers whose bills increase by more than £300 following the NDR revaluation, which takes effect on 1 April 2023.

Finally, the NDR support package also provides over £140m of relief for retail, leisure, and hospitality businesses in Wales. Eligible ratepayers will receive 75% NDR relief for the duration of 2023-24, capped at £110,000 per business across Wales.

Attached to this statement is a summary table setting out the Settlement allocations (Aggregate External Finance (AEF)) by authority. The allocations are derived using the formula agreed with local government with underpinning data which is updated regularly. The table shows the increase in funding allocations over the 2022-23 settlement with a range across authorities of 6.5% to 9.3%. The local government formula will continue to be developed and improved jointly with local government. Population data from the 2021 census has been used in the formula allocations for 2023-2024 and further data will be considered through the standing governance arrangements as it is published as part of the ONS rolling publication. Given the significant increases and following consultation, I am again not including a floor this year and have allocated all the available funding in this Settlement.

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

I set out the position on capital funding for the Welsh Government as part of my budget statement. The settlement we received from the UK Government was disappointing and is not sufficient to meet our ambitions to invest in Wales’ future, with our overall capital budget 8.1% lower in real terms than the current year. General capital funding for local government for 2023-24 is confirmed at £180m and will remain at £180m for 2024-25. Even as we meet the challenges posed by inflation, we must not lose sight of the need to maintain our focus on responding to the climate and nature emergency and contributing to the Net Zero Wales plan. Separately, I am providing £20 million capital in each year to enable authorities to respond to our joint priority of decarbonisation.

The setting of budgets, and in turn council tax, is the responsibility of each local authority. Local authorities will be taking account of the full range of funding sources available to them, as well as the pressures they face, in setting their budgets for the coming year. I know that local authorities have been facing significant pressures and have sought to recognise the impact of inflation on the living standards of those who work in local government as well as the broader community. In the face of continuing high levels of inflation and associated demand for public services, they are having to make tough decisions in setting their budgets. I hope that this Settlement, which represents a significant increase over the indicative figure provided in the previous budget enables them to continue to deliver the services communities need as well as supporting national and local ambitions for the future.

# The motion for the Senedd to approve the Local Government Finance Report (No.1) for 2023-24 is scheduled for debate on 7 March 2023.

# Summary Table

# 2023-24 final Settlement – comparison of 2022-23 AEF (adjusted for transfers) and 2023-24 final AEF, and distribution of the 2023-24 Council Tax Reduction Schemes funding (distributed within AEF) (£000s)

| **Authority** | **2022-23**  **adjusted AEF1** | **2023-24 final AEF** | **% change on adjusted 2022-23 AEF** | **Rank** | **Council Tax Reduction Schemes (within AEF)** |
| --- | --- | --- | --- | --- | --- |
| Isle of Anglesey | 114,598 | 123,665 | 7.9% | 12 | 5,222 |
| Gwynedd | 213,209 | 228,036 | 7.0% | 19 | 8,171 |
| Conwy | 185,097 | 198,598 | 7.3% | 16 | 9,210 |
| Denbighshire | 173,744 | 188,024 | 8.2% | 10 | 8,769 |
| Flintshire | 232,578 | 251,995 | 8.3% | 8 | 9,746 |
| Wrexham | 207,489 | 224,836 | 8.4% | 7 | 9,658 |
| Powys | 210,358 | 228,665 | 8.7% | 5 | 8,831 |
| Ceredigion | 119,381 | 129,198 | 8.2% | 9 | 5,197 |
| Pembrokeshire | 197,031 | 212,675 | 7.9% | 11 | 7,885 |
| Carmarthenshire | 311,968 | 338,410 | 8.5% | 6 | 14,150 |
| Swansea | 388,912 | 418,282 | 7.6% | 14 | 19,197 |
| Neath Port Talbot | 258,466 | 276,696 | 7.1% | 17 | 15,769 |
| Bridgend | 232,389 | 250,182 | 7.7% | 13 | 12,642 |
| The Vale Of Glamorgan | 186,188 | 202,797 | 8.9% | 4 | 9,230 |
| Rhondda Cynon Taf | 442,056 | 471,317 | 6.6% | 21 | 20,866 |
| Merthyr Tydfil | 110,820 | 118,614 | 7.0% | 18 | 5,594 |
| Caerphilly | 318,134 | 339,960 | 6.9% | 20 | 12,704 |
| Blaenau Gwent | 131,189 | 139,730 | 6.5% | 22 | 8,081 |
| Torfaen | 160,397 | 172,405 | 7.5% | 15 | 8,478 |
| Monmouthshire | 112,201 | 122,675 | 9.3% | 1 | 5,990 |
| Newport | 265,802 | 289,522 | 8.9% | 3 | 10,285 |
| Cardiff | 544,507 | 593,605 | 9.0% | 2 | 28,326 |
| **All Unitary Authorities** | **5,116,514** | **5,519,889** | **7.9%** |  | **244,000** |

Note: Total may not sum correctly due to rounding

1. 2022-23 AEF adjusted transfers of £8.911m (at 2022-23 prices) into the Settlement and for the latest, 2022-23 tax base.