



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Provisional Local Government Settlement 2015-16**

DATE **8 October 2014**

BY **Leighton Andrews AM, Minister for Public Services**

Today I am publishing my proposals for Local Government funding in 2015-16, including allocations of core funding for individual Local Authorities. As is usual, allocations may be revised for the Final Settlement. However, I am confident they provide a robust basis for Local Authority financial planning.

I propose to set Local Government revenue funding at £4.124 billion. This represents a decrease of 3.4% (£146 million) compared with 2014-15.

To limit the change for any individual authority, I will apply a damping mechanism so that no authority will see a reduction of more than 4.5% compared to 2014-15 (after adding funding for the Local Government Borrowing Initiatives and the Private Finance Initiative). Capital funding for 2015-16 will amount to £400 million.

We have recognised the importance of strong local social services to the long-term success of the health service in Wales. I am providing an additional £10 million in recognition of this.

We also continue our commitment to protect schools funding. The Settlement includes resources to protect funding for schools at 1% above the overall change in the Welsh Revenue Budget.

As a consequence of UK Government decisions, by 2015-16, the Welsh Government budget will be around 10% lower in real terms than it was in 2010-11. However, we have protected Local Government from the bulk of these cuts. Over the past five years, spending per head on local services in England has decreased by around 7% in cash terms, whilst in Wales it has increased by 3%.

When drawing up budget plans for 2015-16, I expect Local Authorities to take account of all their income streams such as council tax and income from fees and charges. Whilst the Revenue Support Grant is the largest single source of funding for Local Authorities, it is not the only one.

In setting council tax levels for 2015-16, I urge Local Authorities to think seriously about the funding challenges they face, and to balance this with a consideration of the financial burden on households. We offer considerable flexibility to Authorities in Wales which is not available to their counterparts in England, where restrictive freezes apply.

I am proud of our commitment to maintain full entitlements for eligible applicants under the Council Tax Reduction Scheme, and I am supporting Local Government to deliver the scheme in 2015-16 by again distributing £244 million within the Settlement. Local Authorities must take account of the effect of the scheme in making their decisions about council tax levels.

Transfers and revenue grants

Included within the provisional RSG for 2015-16, is £13.5 million of funding previously provided through ring-fenced grants. This includes £8 million to support the costs of financing 21st Century Schools, an increase of £4.5 million from last year. Other transfers into this year's Settlement include £4.6 million for regional Integrated Family Support Services and £880,000 for the development of Autism Spectrum Disorder strategies.

In total, this means that over this Assembly term, £160 million has been transferred into the Settlement.

Transfers out of the Settlement include £2.5 million for the centralisation of student finance administrative services and the transfer of Local Authority responsibilities to the Student Loans Company (Wales), £490,000 for Animal Feed Control and £540,000 for training educational psychologists.

Alongside the Settlement, I am publishing information on other Welsh Government grant schemes planned for 2015-16. I hope to add to this information for the Final Settlement.

A number of Ministers have agreed to review their grant schemes to try to provide greater funding flexibility for Local Government. The Minister for Education and Skills has reviewed hypothecated education grants and amalgamated ten grants into a single Education Improvement Grant for schools worth over £140 million for 2015-16.

Individual Authority allocations

Table 1 sets out the proposed distribution of Aggregate External Finance (comprising Revenue Support Grant and redistributed Non Domestic Rates) between the 22 Authorities for 2015-16.

This distribution reflects our most up to date assessment of relative need, based on a wealth of information on demographic, physical, economic and social characteristics across Wales.

In line with the Welsh Government Draft Budget, I am unable to provide indications beyond 2015-16 due to the lack of information regarding UK Government spending plans.

Conclusion

Today's announcement marks the start of a six-week consultation period which ends on 19 November 2014. After this, I will consider whether further amendments are to be made before making my final determination in early December.

Table 1: 2015-16 Provisional Settlement - Comparison of the 2014-15 AEF (adjusted for transfers) and the 2015-16 Provisional AEF and Distribution of the 2015-16 Council Tax Reduction Schemes funding (distributed within AEF)

<i>£000s</i>						
Unitary authority	2014-15 AEF (adjusted for transfers)	2015-16 Provisional AEF	% change on 2014-15	Rank	Council Tax Reduction Schemes (distributed within AEF)	Percentage share
Isle of Anglesey	96,628	92,887	-3.9%	16	5,228	2.1%
Gwynedd	175,110	168,060	-4.0%	17	8,899	3.6%
Conwy	157,963	151,154	-4.3%	20	8,911	3.7%
Denbighshire	145,441	140,116	-3.7%	14	9,244	3.8%
Flintshire	193,137	186,506	-3.4%	12	9,958	4.1%
Wrexham	175,308	170,307	-2.9%	5	10,035	4.1%
Powys	182,395	174,316	-4.4%	21	8,068	3.3%
Ceredigion	103,889	99,256	-4.5%	22	4,732	1.9%
Pembrokeshire	167,223	160,260	-4.2%	18	7,192	2.9%
Carmarthenshire	261,141	252,446	-3.3%	7	14,244	5.8%
Swansea	318,434	307,713	-3.4%	8	18,981	7.8%
Neath Port Talbot	210,186	205,133	-2.4%	1	15,644	6.4%
Bridgend	195,160	188,543	-3.4%	10	12,577	5.2%
The Vale Of Glamorgan	157,889	152,507	-3.4%	11	8,957	3.7%
Rhondda Cynon Taf	367,802	354,369	-3.7%	13	22,157	9.1%
Merthyr Tydfil	91,583	89,228	-2.6%	3	5,872	2.4%
Caerphilly	272,730	263,497	-3.4%	9	13,437	5.5%
Blaenau Gwent	113,283	110,084	-2.8%	4	8,440	3.5%
Torfaen	135,813	130,806	-3.7%	15	7,984	3.3%
Monmouthshire	97,831	93,619	-4.3%	19	5,902	2.4%
Newport	214,920	209,410	-2.6%	2	10,177	4.2%
Cardiff	436,298	423,703	-2.9%	6	27,360	11.2%
Total Unitary Authorities	4,270,161	4,123,920	-3.4%		244,000	100.0%