



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Provisional Local Government Settlement 2024-25**

DATE **20 December 2023**

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

In 2024-25, local authorities will receive £5.7bn from the Welsh Government Revenue Support Grant (RSG) and non-domestic rates (NDR) to spend on delivering key services. This means the core revenue funding for local government in 2024-25 will increase by 3.1% on a like-for-like basis compared to the current year.

Additional funding of £1.3m is being provided to ensure no authority will receive less than a 2.0% increase.

The Welsh Government's budget is worth up to £1.3bn less in real terms than when it was set in 2021. Our settlement, which comes largely from the UK Government in the form of a block grant, is not sufficient to meet all pressures public services face as a result of persistently-high inflation and rising demand. As we have developed the draft Budget 2024-25, which was published yesterday, we have prioritised protecting core frontline public services as far as possible; supporting the hardest hit households and prioritising jobs, where we can.

We have therefore protected the indicative rise of 3.1% in the local government settlement, and in line with our focus on supporting households, this also continues to protect vulnerable and low-income households from any reduction in support through the Council Tax Reduction Scheme (CTRS). We will continue to maintain full entitlements in 2024-25 by providing £244m in the settlement.

In addition to the core settlement, I am publishing indicative information on specific revenue and capital grants planned for 2024-25, which amount to more than £1.3bn for revenue and more than £960m for capital at this provisional stage.

We have worked closely with local government throughout the year, and understand the pressures local government is facing. I am proud of the working relationship Welsh Government and local government share in Wales and we will continue to engage closely through the WLGA.

Demand for services, alongside cost pressures, caused by persistently-high inflation, means local authorities will need to make difficult decisions about services, efficiencies, and council tax as they set their budgets. It is important they engage meaningfully with their local communities as they consider priorities for the forthcoming year.

It is not appropriate for the Welsh Government to set an arbitrary level of council tax increase. Local authorities will need to take account of the full range of funding sources available to them, as well as the pressures they face. I encourage them to continue to carefully balance the impact of increases on household finances with the loss of support and services. I know that across Wales, leaders, elected members and officers alike will be striving to find ways to make the best use of their resources to make the most difference for their communities.

I am providing a package of non-domestic rates support which will benefit every ratepayer in Wales. I set this package out as part of the draft Budget yesterday. We will cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost of £18m. This is lower than the 6.7% increase that would otherwise apply. We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. We also continue to support ratepayers with increased liabilities following the 2023 non-domestic rates revaluation. Our transitional relief scheme continues to phase in changes for eligible ratepayers at a cost of £38m in 2024-25.

I set out the position on capital funding as part of the draft Budget. I have maintained the general capital funding for local authorities at £180m, the indicative level that was set last year. With soaring inflationary costs in the construction sector, I know this will mean local authorities will have to look carefully at and prioritise their capital programmes to continue to invest to best effect in the provision of public services. I have also continued to provide £20m in each year to enable authorities to respond to our joint priority of decarbonisation, to continue the focus on contributing to the Net Zero Wales plan.

Attached to this statement is a summary table setting out the settlement allocations (Aggregate External Finance (AEF)) by authority. They are derived using the formula agreed with local government.

As part of our Programme of Government we are committed to ensuring that local authorities are not hampered by unnecessary bureaucracy. In our discussions, local authorities overwhelmingly highlighted grants management and administration as the most burdensome administrative overhead, and the area with the greatest opportunity for change to achieve mutual benefit.

A programme of work is underway to reduce the number of separate grants paid to local authorities from 2024-25 and to consider moving grants into the de-hypothecated settlement if the wider context makes this appropriate. Some areas have already been identified for change and the draft budget sets out how we are rationalising and refocusing education specific grants. Where changes have already been worked through, these are set out in the grant tables published as part of the settlement. This work continues and I expect more changes to be presented at part of the final settlement. I am committed to complete transparency about the movements so local authorities and others can clearly see any changes in funding.

Further details will be sent to all local authorities and published on the [Welsh Government's website](#)

Summary Table

2024-25 Provisional Settlement compared to 2023-24 adjusted final AEF

	2023-24 AEF (£000) ¹	2024-25 AEF including floor (£000)	Change (£000)	% change	Rank
Isle of Anglesey	123,866	126,973	3,107	2.5%	17
Gwynedd	227,541	232,092	4,551	2.0%	21
Conwy	198,736	202,710	3,975	2.0%	21
Denbighshire	187,785	194,743	6,958	3.7%	4
Flintshire	251,959	257,555	5,596	2.2%	20
Wrexham	224,722	231,963	7,241	3.2%	8
Powys	228,558	234,940	6,381	2.8%	11
Ceredigion	129,341	132,715	3,373	2.6%	14
Pembrokeshire	212,626	217,999	5,372	2.5%	16
Carmarthenshire	338,439	349,441	11,002	3.3%	7
Swansea	417,588	433,590	16,002	3.8%	3
Neath Port Talbot	276,915	284,624	7,708	2.8%	12
Bridgend	250,557	257,978	7,422	3.0%	10
The Vale of Glamorgan	202,631	208,901	6,270	3.1%	9
Rhondda Cynon Taf	471,049	484,111	13,062	2.8%	13
Merthyr Tydfil	118,886	122,923	4,037	3.4%	5
Caerphilly	340,037	347,726	7,689	2.3%	19
Blaenau Gwent	139,809	143,433	3,624	2.6%	15
Torfaen	172,265	177,988	5,723	3.3%	6
Monmouthshire	122,561	125,355	2,794	2.3%	18
Newport	289,306	302,972	13,667	4.7%	1
Cardiff	594,712	618,958	24,246	4.1%	2
Total unitary authorities	5,519,889	5,689,689	169,800	3.1%	

Note: Total may not sum correctly due to rounding

1. 2023-24 AEF adjusted for the latest 2024-25 tax base.



Ein cyf/Our ref

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

7 February 2024

Dear Colleagues,

On 24 January, the UK Government announced it would increase funding to local authorities in England by £600m. I am expecting a consequential allocation for Wales of around £25m for 2024-25 will be confirmed at the UK Spring Budget on 6 March.

Given the difficult choices I know you are all facing as part of your budget processes, I wanted to write to you following Cabinet discussions about the allocation of this funding.

As part of addressing the challenges we faced in the Draft Budget, the Minister for Health and Social Services reduced the social care workforce grant by £10.6m – from £45m to £35m. This was not an easy decision, particularly given the challenges facing social care. Leaders have expressed concern at this and it has also been a theme in the Senedd scrutiny sessions on the Draft Budget. I am pleased that I can reverse this and return the grant to £45m for 2024-25.

The remaining £14.4m will be allocated to the revenue support grant in 2024-25 to support pressures in both social care and education, including teachers' pay, as local need dictates. This supports one of our key principles in developing the 2024-25 Draft Budget: to protect core public services as far as possible. The original funding floor remains and the increased funding in the settlement now means no individual authority has an increase lower than 2.3%.

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

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

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.

This funding will be formally allocated at our Final Budget on 27 February and will form part of the Final Local Government Settlement.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca". The script is cursive and fluid.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

