



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**TITLE**            **Provisional Local Government Settlement 2025-26**

**DATE**            **11 December 2024**

**BY**                **Jayne Bryant MS, Cabinet Secretary for Housing and Local Government**

In 2025-26, local authorities will receive £6.1bn 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 2025-26 will increase by 4.3% on a like-for-like basis compared to the current year.

The additional funding provided through the Autumn Budget is welcome as we emerge from the prolonged period of austerity imposed by previous UK Governments, as well as a range of economic crises such as spiralling inflation. Our overall settlement for 2025-26 is more than £1bn higher than it would have been under the previous UK Government. However, fourteen years of constrained public funding cannot be turned around in just one budget and it will take time for the public finances to recover.

I want to pay tribute to the incredible amount of hard work and resilience shown across the sector by both officers and elected members over many years. We have been through a long period of public sector austerity with an increase in demand for major services, a pandemic and an extra-ordinary inflationary period.

As we have developed the draft Budget 2025-26, which was published yesterday, we have again prioritised protecting core frontline public services as far as possible, supporting the hardest hit households and prioritising jobs.

We have therefore provided a rise of 4.3% in the local government settlement. 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 2025-26 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 2025-26, which amount to almost £1.1bn for revenue and more than £1.0 bn 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 welcome the improved level of funding from the UK Government as well as the pragmatic way Welsh Government is working with local government to ensure we do all we can within the funding available.

It is not appropriate for the Welsh Government to set an arbitrary level of council tax increase. The setting of budgets, and in turn council tax, is the responsibility of each local authority. Authorities will need to take account of the full range of sources of funding available to them, as well as the pressures they face. I encourage councils to continue to carefully balance these pressures with the impact of increases on household finances. I know that across Wales, leaders, elected members and officers will be striving to find ways to make the best use of their resources to make the most difference for their communities

As announced on 10 December, the Cabinet Secretary for Finance & Welsh Language is providing a package of non-domestic rate support which will benefit every ratepayer in Wales. This will cap the increase to the non-domestic rates multiplier for 2025-26 to 1%, at a recurring annual cost to the Welsh budget of £7m. As a result of this cap, the RSG element of the settlement has increased by an equivalent £7m.

Alongside the settlement, the Government will also be investing an additional £78m to provide a sixth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. This continued support recognises the economic pressures faced by these businesses in recent years and builds on £1bn of support allocated through our specific relief schemes since 2020-21.

The draft Budget set out the position on capital funding. I have increased the general capital funding for local authorities to £200m to recognise the impact of inflation in recent years. I have also increased funding for the Low Carbon Heat Grant to £30m 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.

The Programme for Government commitment to reduce the administrative burden on local government continues to deliver the consolidation or dehypothecation of grants across a wide range of areas. It is important that we work with local authority colleagues to understand the impacts of these changes as they are embedded. This is a cornerstone of developing a strategic relationship with local government based on trust and focusing on the outcomes that can be delivered in partnership. This work will continue to ensure the best use of resources for both local authorities and the Welsh Government. The Prif Weinidog is clear that the Welsh Government's work with local government must be focused on delivery and outcomes for the people of Wales.

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

## Summary Table

### 2025-26 Provisional Settlement compared to 2024-25 adjusted final AEF

	2024-25 AEF (£000) <sup>1</sup>	2025-26 AEF (£000)	Change (£000)	% change	Rank
Isle of Anglesey	130,889	135,605	4,716	3.6%	16
Gwynedd	239,101	246,818	7,717	3.2%	20
Conwy	210,750	218,586	7,835	3.7%	14
Denbighshire	205,561	215,222	9,661	4.7%	7
Flintshire	266,074	274,779	8,705	3.3%	19
Wrexham	239,036	249,511	10,475	4.4%	11
Powys	242,414	250,184	7,770	3.2%	21
Ceredigion	138,958	143,938	4,980	3.6%	17
Pembrokeshire	224,858	232,966	8,107	3.6%	15
Carmarthenshire	361,072	375,747	14,674	4.1%	12
Swansea	447,243	468,469	21,226	4.7%	5
Neath Port Talbot	293,239	306,217	12,977	4.4%	10
Bridgend	266,124	276,640	10,516	4.0%	13
The Vale of Glamorgan	216,058	223,420	7,362	3.4%	18
Rhondda Cynon Taf	497,940	521,279	23,339	4.7%	8
Merthyr Tydfil	126,720	133,148	6,427	5.1%	3
Caerphilly	357,880	373,980	16,101	4.5%	9
Blaenau Gwent	147,440	154,532	7,092	4.8%	4
Torfaen	183,576	192,215	8,640	4.7%	6
Monmouthshire	130,062	133,704	3,642	2.8%	22
Newport	311,772	329,311	17,538	5.6%	1
Cardiff	640,615	674,571	33,955	5.3%	2
<b>Total unitary authorities</b>	<b>5,877,384</b>	<b>6,130,839</b>	<b>253,456</b>	<b>4.3%</b>	

Note: Total may not sum correctly due to rounding

1. 2024-25 AEF adjusted for the latest 2025-26 tax base and transfers at 2024-25 prices.