



Llywodraeth Cymru  
Welsh Government

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

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**Title**            **Provisional Local Government Settlement 2018-19**

**Date**            **10 October 2017**

**By**                **Mark Drakeford AM**  
**Cabinet Secretary for Finance and Local Government**

Building on my announcement last week of the Welsh Government 2018-19 Draft Budget, today I set out details of the core funding allocations for local authorities for 2018-19. This statement also sets out an indicative overall settlement for the following year. This will provide local authorities with a firm basis to take forward their own budget setting process for the next couple of years.

Adjusting for transfers, core funding for local government in 2018-19 will reduce by 0.5 per cent on a like-for-like basis compared to the current year. The indicative settlement for the following year is a further reduction of 1.5%. This includes the impact on the Welsh Government budget of the £3.5 billion unallocated cuts which the Chancellor of the Exchequer intends to impose in 2019-20.

If the Chancellor follows our advice and does not proceed with the cuts in the Autumn Budget then my first priority will be to look again at the cuts we have been forced to make, including for local government.

This is a realistic settlement that continues to protect local government from significant cuts against a backdrop of reducing budgets from the UK Government. This means local authorities will have £4.2 billion to spend on delivering key services next year. This includes £1.8 million floor funding to ensure that no authority has to manage with a reduction of more than 1% to its Revenue Support Grant next year.

Within the settlement funding has been provided for essential public services such as education and social care. The school element of the settlement has been increased by £62 million in 2018-19. This ensures that we maintain the assumed Welsh Government share of core spending on schools at the level of 2017-18. In 2019-20 this rises to £108 million, reflecting our commitment to continued investment in education and to prioritise schools funding within a tighter overall settlement.

The social care element of the settlement will be increased by £42 million in 2018-19. This means we will maintain the assumed Welsh Government share of core spending on social care at the level of 2017-18. In 2019-20 this will increase to £73 million, reflecting, even within a still tighter overall settlement, our recognition of the need to invest in social care.

The settlement also includes an additional £6 million to support delivery of local services to meet homelessness prevention duties, on top of the £6 million built into the settlement in 2017-18.

Alongside the settlement we are providing £600,000 to support local government to eliminate charging for child burials. This recognises and builds on the positive steps already taken by many councils in Wales and puts in place a fair and consistent approach across Wales.

This Welsh Government remains committed to protecting vulnerable and low-income households from any reduction in support under the Council Tax Reduction Schemes, despite the shortfall in the funding transferred by the UK Government following its abolition of Council Tax Benefit.

I have already confirmed that the Welsh Government will continue to maintain full entitlements under our Council Tax Reduction Scheme (CTRS) for 2018-19. We are again providing £244m for CTRS in the Local Government Settlement. The arrangements for 2019-20 onwards will be determined as part of our wider considerations about how to make council tax fairer.

Prior to the final settlement we will consider further evidence collected on the financial impact of increasing the capital limit used in charging for residential care. This will allow a decision to be taken on the next stage of increasing this limit to deliver our commitment to raise it to £50,000 during the lifetime of this government.

While Welsh local government continues to be protected from the impact of austerity explained elsewhere, I recognise that this settlement is still a real terms cut in core funding, when authorities face real pressures from such things as an ageing population, pay and other inflationary pressures.

Therefore, it is vital that we continue to work together to deliver efficiencies. I have listened carefully to the case made by Welsh councils that one way in which this can be achieved is through reducing the administrative costs associated with specific grants and to provide greater flexibility to authorities in using these resources. This settlement includes over £90 million of funding which is currently being provided as specific grants. Included within this are £30 million of social care grants, the £27 million provided currently for the Independent Living Grant and £35 million of the Single Revenue Grant.

In addition to consolidating grants into the local government Revenue Support Grant (RSG) we are amalgamating other grants, supported by outcome frameworks. This increases the flexibility for local authorities and reduces the administrative burden associated with grant funding.

Further details of the grants for local government will be published alongside the detailed draft Budget information on 24 October.

The recently published Cwm Taf Collaborative estate pilot has demonstrated there are clear opportunities for the public sector throughout Wales to make efficiencies through the better use of its land and building assets. I previously made £2m available in this financial year to support the asset mapping agenda being delivered through the National Assets Working Group. Officials will shortly be writing offering financial support to facilitate better property data capture and asset mapping, enabling improved knowledge of the collective public estate, which as well as potentially identifying opportunities for further efficiencies will also highlight opportunities to integrate and improve delivery of services.

To put us in the best place to prepare for more challenging times ahead, it is vital that we press ahead with our plans for local government reform, to provide the mechanisms to deliver systematic and mandatory regional working. This, along with the greater freedoms such as through making available to authorities the general power of competence, are essential for ensuring that local authorities continue to be financially sustainable and deliver effective and resilient services.

Working with wider public sector partners is also important. Local authorities have shown their ability to work with Local Health Boards through the Integrated Care Fund. Now authorities need to meet their statutory obligations in terms of pooling budgets for key services. My colleague, the Minister for Social Services and Public Health is making a separate statement today on progress with health and social care integration.

Attached to this statement is a summary table setting out the settlement allocations by authority. The allocations are derived from the formula agreed with local government. As a result of the formula and related data, the table shows the range of the funding allocations. The inclusion of additional resources to support a floor arrangement benefits six authorities. One authority, Cardiff receives an overall increase in its settlement on a like for like basis.

Further details on the settlement will be sent to all local authorities and published on the Welsh Government website:

<http://gov.wales/topics/localgovernment/finandfunding/settlement/lg-settlement-2018-19/?lang=en>

I expect each local authority to engage meaningfully with their local communities as they consider their budget priorities.

The setting of council tax is the responsibility of each local authority and I expect them to take account of the full range of sources of funding available to them, as well as the pressures they face, in setting next year's council tax.

With regard to capital funding, this settlement maintains the general capital funding at £143 million for the next three years. This provides clarity and certainty on future funding for authorities' own capital spending priorities.

In addition authorities will have access to capital funding and innovative financing support for capital for a range of specific projects including 21st Century schools, flood prevention and housing.

This announcement commences the formal six-week consultation on the provisional local government settlement. This will end on 21 November 2017.

I also publish today an update on our plans for reforming the local government finance framework to ensure it meets future needs. I welcome all comments and contributions to thinking on this important matter.

<http://gov.wales/topics/localgovernment/finandfunding/publications/?lang=en>

**[1315 words]**

**Summary Table:**

**2018-19 provisional settlement – comparison of the 2017-18 AEF including top-up funding (adjusted for transfers) and the 2018-19 provisional AEF and top-up funding, and distribution of the 2018-19 Council Tax Reduction Schemes funding (distributed within AEF)**

£000s								
Unitary authority	2017-18 adjusted AEF plus top-up funding <sup>1</sup>	Of which top-up funding	2018-19 provisional AEF	2018-19 top-up funding	2018-19 provisional AEF plus top-up funding <sup>2</sup>	% change on adjusted 2017-18 AEF plus top-up funding	Rank	Council Tax Reduction Schemes (distributed within AEF)
Isle of Anglesey	94,978	0	94,924	0	94,924	-0.1%	2	5,187
Gwynedd	174,043	0	173,859	0	173,859	-0.1%	4	8,926
Conwy	154,313	0	152,405	365	152,770	-1.0%	17	8,976
Denbighshire	143,409	0	142,144	0	142,144	-0.9%	15	9,172
Flintshire	189,519	0	187,816	0	187,816	-0.9%	16	9,761
Wrexham	174,049	0	173,485	0	173,485	-0.3%	8	9,672
Powys	174,388	1,237	172,500	145	172,644	-1.0%	17	8,043
Ceredigion	100,200	0	99,905	0	99,905	-0.3%	7	4,881
Pembrokeshire	160,765	0	160,084	0	160,084	-0.4%	9	7,077
Carmarthenshire	259,147	0	257,960	0	257,960	-0.5%	12	14,249
Swansea	316,776	0	316,499	0	316,499	-0.1%	3	19,180
Neath Port Talbot	211,783	0	210,832	0	210,832	-0.4%	11	16,300
Bridgend	191,878	0	190,718	0	190,718	-0.6%	13	12,907
The Vale Of Glamorgan	152,666	0	151,996	0	151,996	-0.4%	10	9,063
Rhondda Cynon Taf	362,790	0	362,219	0	362,219	-0.2%	5	21,772
Merthyr Tydfil	90,589	391	89,656	27	89,683	-1.0%	17	5,643
Caerphilly	268,282	0	265,493	107	265,600	-1.0%	17	13,302
Blaenau Gwent	110,870	0	108,871	890	109,761	-1.0%	17	8,261
Torfaen	131,805	0	130,800	0	130,800	-0.8%	14	7,996
Monmouthshire	93,939	0	92,761	238	93,000	-1.0%	17	5,649
Newport	212,234	0	211,682	0	211,682	-0.3%	6	10,362
Cardiff	436,913	0	437,867	0	437,867	0.2%	1	27,619
<b>All Unitary Authorities</b>	<b>4,205,337</b>	<b>1,628</b>	<b>4,184,476</b>	<b>1,772</b>	<b>4,186,247</b>	<b>-0.5%</b>		<b>244,000</b>

1. 2017-18 AEF adjusted for transfers of £91.7m into the Settlement and inclusive of £1.6m of top-up funding provided in 2017-18.

2. 2018-19 Provisional AEF including £1.77m top-up funding.