



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

8 October 2014

*Dear colleagues,*

### **Local Government Revenue and Capital Settlements for 2015-16**

Today I am announcing details of the Provisional Local Government Revenue and Capital Settlements for 2015-16 for Local Authorities in Wales through a Cabinet Written Statement which I attach for your information.

Within this Provisional Settlement, unhypothecated revenue funding for 2015-16 amounts to £4.124 billion. The provisional funding announced today represents a decrease of 3.4% (£146 million) from 2014-15, when adjusted for transfers in and out of the Settlement.

Included within this amount is an additional £10 million in recognition of the vital social care services which are provided by Local Authorities. Also included within this Settlement is additional funding to support the First Minister's commitment to protect schools funding equivalent to 1% above the change in the Welsh Government's Revenue Budget from the UK Government.

Capital funding for 2015-16 amounts to £400 million and reflects a decrease of 1.1% compared with 2014-15.

The draft *Local Government Finance Report* and additional tables containing details of the Provisional Settlement by individual Local Authority are also being published on the Welsh Government website. These tables include the individual Local Authority allocations of Aggregate External Finance (AEF). These comprise Revenue Support Grant (RSG) and Redistributed National Non Domestic Rates (NNDR) and are published on the Welsh Government website. I would like to draw your attention to the following.

- a) The Provisional Settlement is based on the tax-base figure for 2014-15. Updated information will be available for the Final Settlement from Authorities' CT1 returns for 2015-16.
- b) The split between RSG and NNDR is provisional and there may be further changes to this split. However, this will not affect the overall distribution of the Settlement.

I am also publishing on our website the available information on revenue and capital grants to Local Authorities which are planned for 2015-16. I hope to be able to add to this information at the Final Settlement stage.

My announcement today launches a 6-week period of formal consultation on the Provisional Local Government Settlement for 2015-16. I would be grateful if you could ensure your response arrives no later than **Wednesday 19 November 2014**. All responses to this consultation should be sent to:

Clare Smith  
Local Government Funding & Performance Branch  
Welsh Government, Cathays Park, Cardiff, CF10 3NQ;  
or e-mail: [LocalGovernmentSettlement@Wales.gsi.gov.uk](mailto:LocalGovernmentSettlement@Wales.gsi.gov.uk).

The Welsh Government intends to publish a summary of the responses. Normally, the name and address (or part of the address) of each respondent are published along with the response. If you do not wish to be identified as the author of your response, please ensure you state this explicitly in your response.

Copies of responses may be placed in the Assembly's Library. If you wish your comments to remain confidential, please make this clear in your reply. This will be considered in light of our obligations under the Freedom of Information Act. The Welsh Government will consider all responses received by the due date before a determination is made and published.

Local Authorities are reminded of the requirement to comply with the general equality duties set out in the Equality Act 2010, and also the specific equality duties where applicable. The equality impacts of budgetary options should be assessed and inform any final decisions.

This Provisional Settlement provides you with the information you need to plan your budgets for 2015-16. I would strongly encourage you to consider how best you engage with your local communities in formulating your proposals and making budget decisions. Earlier this year, the Minister for Local Government and Government Business asked you

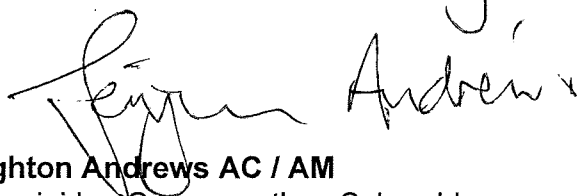
to provide information on your consultation and engagement activities regarding budgets for 2014-15. The key lessons from this exercise have been published on our website:

<http://wales.gov.uk/topics/improvingservices/publicationsevents/publications/public-engagement-during-budget-setting/?lang=en>

I would also like to draw your attention to the Invest-to-Save Fund, which the Finance and Government Business Minister opened for new bids on 7 October. The Fund has already supported a significant number of projects across public bodies in Wales, and has helped them respond to the challenge of delivering quality public services and outcomes for citizens during a period of tightening budgets. The Fund is one of a number of tools at our disposal which can assist with projects aimed at furthering the public sector reform agenda.

A total of £21.3 million is being made available through Invest-to-Save in 2015-16 for new project investment. On top of this, an additional £1.5 million is being made available this year and in 2015-16 which is ring-fenced for projects which will contribute towards meeting carbon reduction targets. I encourage you to consider bringing forward project proposals for consideration. Further information about the Fund and this year's bidding round can be found by following the Invest to Save link at:

<http://wales.gov.uk/topics/improvingservices/?lang=en>

*Yours Sincerely*  


**Leighton Andrews AC / AM**  
Y Gweinidog Gwasanaethau Cyhoeddus  
Minister for Public Services

