

Mark Drakeford AM/AC
Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-P/MD/6627/16

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

19 October 2016

Dear AM,

Today I am announcing details of the Provisional Local Government Revenue and Capital Settlements for 2017-18 for county and county borough councils in Wales through a Cabinet Written Statement. This is attached for your information.

Through this announcement, I propose to set local government revenue funding for 2017-18 at £4.107 billion. The provisional funding announced today represents an increase of £3.8 million compared to 2016-17, when adjusted for transfers into and out of the settlement. This represents a good settlement for local government in Wales and provides the first increase since 2013-14.

I am providing an additional £25 million through this settlement in recognition of the importance of strong local social services to the long-term success of the health service in Wales and in recognition of the growing pressures felt by this service. The settlement also includes an additional £25 million as a result of the agreement between the Welsh Government and Plaid Cymru. In addition, we are providing £1 million for school transport and £3 million to support town centre car parking.

In line with our *Taking Wales Forward* commitment, I have provided £2.3 million of funding to ensure that no authority sees a reduction of greater than 0.5% compared to its 2016-17 allocation and top-up funding.

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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.

The settlement also delivers the funding towards other commitments in *Taking Wales Forward*. It includes £4.5 million to fund the commitment to increase the capital limit used by local authorities who charge for residential care, from £24,000 to £30,000. This is the first step in the delivery of our commitment to have a limit of £50,000. It also provides £0.3 million to fund the commitment to introduce a full disregard of the War Disablement Pension in financial assessments for charging for social care.

Capital funding for 2017-18 amounts to £442 million. Within this, the non-hypothecated general capital funding for 2017-18 has been consolidated into a single funding stream which in total is unchanged at £143 million.

The draft *Local Government Finance Report* and additional tables containing details of the provisional settlement by individual authority are also being published on the Welsh Government website. These tables include the individual authority allocations of Aggregate External Finance (AEF). These comprise Revenue Support Grant (RSG) and redistributed Non-Domestic Rates (NDR).

The provisional settlement draws on the tax-base figures for 2016-17. Updated information will be available for the final settlement based on authorities' CT1 returns for 2017-18.

I am also publishing on our website the available information on revenue and capital grants which are planned for 2017-18. This information is provided in greater detail than has previously been available for the provisional settlement and will be updated for the final settlement.

My announcement today launches a 6-week period of formal consultation on the provisional local government settlement for 2017-18. I would be grateful if you could ensure your response arrives no later than **Wednesday, 30 November 2016**. All responses to this consultation should be sent to:

Simon Edwards
Local Government Funding & Performance Branch
Welsh Government, Cathays Park, Cardiff, CF10 3NQ.
Or email: LocalGovernmentSettlement@Wales.gsi.gov.uk.

Comments are invited about the effects (whether positive or adverse) the proposed settlement would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language. In addition, we invite comments on whether the proposed settlement could be formulated or revised to have positive effects, or decreased adverse effects, on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

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 Welsh Government'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 the final 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.

Authorities also need to take account of your duties under the Well-being of Future Generations (Wales) Act 2015 and the Welsh language standards in preparing plans for 2017-18.

This provisional settlement provides you with the information you need to plan your budgets for 2017-18. I would strongly encourage you to consider how best you engage with your local communities in formulating your proposals and making budget decisions.

Yours sincerely,

Mark Drakeford

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