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Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

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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

2 March 2021

Dear Colleagues

Today I am announcing details of the Final Local Government Revenue and Capital Settlements for 2021-22 (the Settlement) for county and county borough councils in Wales through a Cabinet Written Statement. This is attached for your information.

My announcement outlines my intention to set local government core revenue funding for 2021-22 at £4.651 billion. This means, after adjusting for transfers, overall core funding for local government in 2021-22 will increase by 3.8 per cent on a like-for-like basis compared to the current year.

In preparing the final Settlement, I have given careful consideration to the responses I received to the consultation on the provisional settlement, which closed on 9 February. The responses did not identify any matters which required a change of approach for the final Settlement.

I allocated all available funding into the provisional settlement to give as much early certainty as I could to authorities. I have no further funding currently available. Any funding floor which would be put in place would have to re-distribute funding so that those authorities which sit above the floor proportionately fund those below it. I have decided not to include a funding floor for the final Settlement.

In addition to the Settlement, I am publishing information on revenue and capital grants planned for 2021-22. These amount to over £1 billion for revenue and over £760 million for capital. We have also detailed specific Covid grants to support local authorities, such as £206m to extend the Local Government Hardship Fund into the first six months of the year to continue to support you in the additional costs and loss of income due to the pandemic. This includes support for schemes that you are delivering on our behalf such as self-isolation payments. I should again like to record my thanks for the efforts of your officers in delivering so much support to individuals, businesses and communities in response to the impacts of the pandemic and other severe events.

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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.

General capital funding for 2021-22 will continue to be set at £198 million. Included within this amount is £20 million for the public highways refurbishment grant including support for active travel routes. We are also continuing the £35m general uplift from the historic baselined grant. This will help enable you to continue to respond to our joint priorities of decarbonisation, the climate emergency and economic recovery following Covid-19.

The final *Local Government Finance Report* and additional tables containing details of the final Settlement by individual authority are also being published on the Welsh Government website.

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 their duties under the Well-being of Future Generations (Wales) Act 2015 and the Welsh language standards in preparing plans for 2021-22.

This final Settlement provides you with the information you need to plan your budgets and services for 2021-22 as part of your medium term financial plans.

We will continue our positive engagement with local government on all matters finance-related through the Finance Sub Group.

The Government will now proceed to lay the Local Government Finance Report (No. 1) for 2021-22 for debate in the Senedd on 9 March 2021.

Yours sincerely



Julie James AS/MS

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