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Minister for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA/RE/0757/22

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 Resources, Welsh Local Government Association

1 March 2022

Dear Colleagues

Today I am announcing details of the Final Local Government Revenue and Capital Settlements for 2022-23 (the Settlement) for county and county borough councils (authorities) in Wales through a Cabinet Written Statement. This is attached for your information. I am also publishing Wales-level indicative core funding allocations for 2023-24 and 2024-25.

My announcement confirms my intention to set local government core revenue funding for 2022-23 at £5.1 billion. This means, after adjusting for transfers, overall core funding for local government in 2022-23 will increase by 9.4 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 8 February. The responses did not identify any matters which required a change of approach for the final Settlement.

Other than a small increase of £96 thousand to the distributable RSG as a result of a technical adjustment, 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. I have decided not to include a funding floor for the final Settlement.

The indicative Wales-level core revenue funding allocations for 2023-24 and 2024-25 are £5.3 billion and £5.4 billion respectively – equating to an uplift in the first year of £177 million (3.5%) and, in the second year, of £128 million (2.4%). These figures are indicative and dependent on both our current estimates of NDR income over the multi-year settlement period, and the funding provided to us by the UK Government through the 2021 comprehensive spending review.

In addition to this, I am publishing information on revenue and capital grants planned for the following three years. For 2022-23, these amount to more than £1.1bn for revenue and over £700m for capital. We are providing these indicative grant values now so local authorities

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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.

are able to plan their budgets efficiently. Indications are that specific revenue grant funding will continue to be above £1.1bn annually for the duration of this multi-year settlement, and capital grants will be in excess of £700m each year.

Following a review of our capital budgets, general capital funding for local government for 2022-23 will be set at £150 million. This will increase to £200 million for the following two years, including £20 million in each year to enable authorities to respond to our joint priority of decarbonisation. I should like to consider, through the Partnership Council and the Decarbonisation Strategy Panel how this funding might be best used.

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 2022-23.

This final Settlement provides you with the information you need to plan your budgets and services for 2022-23 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 2022-23 for debate in the Senedd on 8 March 2022.

Yours sincerely

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R'.

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